

Form 3160-3  
(August 1999)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.

066312

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

Walker Hollow Unit

8. Lease Name and Well No.

Walker Hollow Unit #80

9. API Well No.

43-047-34757

10. Field and Pool, or Exploratory

Walker Hollow Green River

11. Sec., T., R., M., or Blk. and Survey or Area

Section 3, T7N, R23E

12. County or Parish

Uintah

13. State

UT

1a. Type of Work: ☒ DRILL ☐ REENTER1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Citation Oil &amp; Gas Corp.

3a. Address P O Box 690688

Houston, Texas 77269

3b. Phone No. (include area code)

281-512-7309

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface 460' FSL &amp; 460' FEL

At proposed prod. zone 460' FSL &amp; 460' FEL

14. Distance in miles and direction from nearest town or post office\*

27.5 miles from Vernal Utah

15. Distance from proposed\*

location to nearest

property or lease line, ft.

(Also to nearest drig. unit line, if any)

±950'

16. No. of Acres in lease

3,227.20

17. Spacing Unit dedicated to this well

40 acres

18. Distance from proposed location\*

to nearest well, drilling, completed,

applied for, on this lease, ft.

±1560'

19. Proposed Depth

±5590'

20. BLM/BIA Bond No. on file

57 91 01

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

5335' GL

22. Approximate date work will start\*

2003

23. Estimated duration

14 days

## 24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Sharon Ward

Name (Printed/Typed)

Sharon Ward

Date

10-14-02

Title

Regulatory Administrator

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on reverse)

RECEIVED

OCT 21 2002

DIVISION OF  
OIL, GAS AND MINING

004

# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:

3160  
(UT-922)

<date>

### Memorandum

To: Assistant District Manager Minerals, Vernal District

From: Michael Coulthard, Petroleum Engineer

Subject: 2002 Plan of Development Walker Hollow Unit, Uintah County, Utah.

Pursuant to email between Diana Mason, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management. The following wells are planned for calendar year 2002 within the Walker Hollow Unit, Uintah County, Utah.

Api Number	Well	Location
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(Proposed PZ Green River)

43-047-34757	Walker Hollow Unit #80 Sec. 3 T7S R23E 0460 FSL 0460 FEL
43-047-34758	Walker Hollow Unit #81 Sec. 11 T7S R23E 1483 FNL 1874 FWL
43-047-34759	Walker Hollow Unit #82 Sec. 11 T7S R23E 1821 FSL 0817 FWL

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard

bcc: File - Walker Hollow Unit  
Division of Oil Gas and Mining  
Agr. Sec. Chron  
Fluid Chron

MCoulthard.mc:<date>-<date>-<date>



**CITATION OIL AND GAS CORP.  
WALKER HOLLOW UNIT  
WHU #80**

***WELL OBJECTIVE***

The plan for the Walker Hollow Unit #80 is to drill a vertical test well to the Green River Formation at an estimated total depth of 5,590'. It is to be classified as a development well.

The 12-<sup>1</sup>/<sub>4</sub>" surface hole will be drilled to  $\pm 400'$ , and 8-<sup>5</sup>/<sub>8</sub>", 24# surface casing will be cemented to surface in accordance with State of Utah/ BLM requirements. Production casing will be 5-<sup>1</sup>/<sub>2</sub>", 15.5#, J-55 and will be set at  $\pm 5,590'$ . Some lost circulation problems may be encountered throughout the drilling of this well.

The surface hole to  $\pm 400'$  is intended to be air-drilled using fresh water as needed. The production hole from  $\pm 400'$  to  $\pm 2800'$  will be drilled with fresh water using viscous sweeps to clean the hole. From  $\pm 2800'$  to 5,590' (TD), the hole will be drilled with a gel-polymer fluid of 8.7-9.1 ppg to control fluid loss and provide adequate cleaning.

**I. GENERAL INFORMATION**

WELL NAME: WALKER HOLLOW UNIT #80

AREA: WALKER HOLLOW UNIT

SURFACE LOCATION: 460' FSL & 460' FEL  
SEC. 3, T7S, R23E  
UINTAH CO., UT

BOTTOM HOLE LOCATION: 460' FSL & 460' FEL  
SEC. 3, T7S, R23E  
UINTAH CO., UT

OPERATOR: CITATION OIL & GAS CORP.

ENGINEER: JOHN LONG  
OFFICE: (307) 682-4853  
CELL: (307) 689-3406  
HOME: (307) 682-5482

GEOLOGIST: TERRY MCCANCE  
OFFICE: (281) 517-7384  
CELL: (281) 851-4053  
HOME: (936) 273-2221

FORMATION TOPS: SEE GEOLOGICAL PROGNOSIS

CLASSIFICATION: DEVELOPMENTAL VERTICAL

RIG: PENDING

ELEVATION (GR): 5320'--Estimated

ESTIMATED DEPTH: 5,590 MD

ESTIMATED DRILLING TIME: 14 DAYS

OBJECTIVE: PRIMARY: GREEN RIVER (OIL)



## Geological Prognosis

**Field:** Walker Hollow Unit      **Classification:** Development-Oil  
**Operator:** Citation Oil & Gas      **Total Depth:** 5605'  
**Well Name:** Walker Hollow Unit #80      **Elevation:** GL 5335.  
KB 5348' est.  
**Objective(s):** Green River  
**Geologist:** Terry McCance      **Backup:** Jerry Greer  
281-517-7384 (W)      281-517-7394 (W)  
936-273-2221 (H)      281-353-3704 (H)  
281-851-4053 (C)  
**Location:** Uintah County, Utah  
Surface: 460' FSL & 460' FEL of Section 3, T-7-S, R-23-E.

<u>Estimated Geological Tops:</u>	<u>This Well</u>	<u>Type Well</u>
	<u>WHU #80</u>	<u>WHU #57</u>
<u>Correlation Tops:</u>	<u>MD/SS</u>	<u>MD/SS</u>
Green River	3013' (+2335)	2997' (+2413)
G.R. Du 5	4808' (+540)	4745' (+665)
G.R. Du 6	5013' (+335)	4965' (+445)
G.R. Du 7	5128' (+220)	5074' (+336)
G.R. Du 8	5323' (+25)	5267' (+143)
G.R. Du 8c	5423' (-75)	5363' (+47)
G.R. Du 8d	5488' (-140)	5425' (-15)
G.R. DLal	5523' (-175)	5460' (-50)
G.R. DLK	5563' (-215)	5493' (-83)
Total Depth	5605' (-257)	

*Note: TD for the subject well was picked so that approximately 50' of rat-hole will exist below the lowest anticipated perforation. Offset analysis indicates that porous sand in the K sequence does not develop at the top of the K sequence in the offset wells. Porous K sandstone sequences are thought to be wet and can complicate completions.*

### Objective Zone:

Du 5b 4877' (+471)  
Du 5c 4943' (+405)  
Du 8c 5423' (-75)  
Du 8d 5488' (-140)  
DLal 5523' (-175)

**Expected Production:** 50 BOPD      40 MCFGPD      50 BWPD

**Expected Formation Pressure (objective zones):** Anticipate 0.433psi/ft gradient, some zones may be higher pressure due to injection.

**Wellsite Geologist Depth:** BSC to TD (Two Man Unit).

**DST's:** None.

### Logging Program:

1. Cali - SFL-DIL - GR from BSC - TD.
2. CNL-LDT - GR from BSC - TD.
3. Microlog - BSC - TD.
4. RFT - Approx. 20 Pressure Samples + 1 Fluid Recovery

**Approval:** Steve K. Ann      **Date:** 10/17/02

## II. OPERATIONAL DRILLING PROGRAM

Construct the location and reserve pit per pad layout plat in the APD. Set 14" conductor pipe at  $\pm 15'$  with a 6' diameter culvert to accommodate the drilling of the surface hole.

### A. 12- $\frac{1}{4}$ " Hole: 8- $\frac{5}{8}$ " Casing (surface to 400')

**Drill solids: 1-2%**

**Solids control: Reserve/blooiie pit**

**Fluid system: Air drill/fresh water.**

- Notify the BLM and other proper authorities 24 hours prior to spud.
- Air drill a 12- $\frac{1}{4}$ " hole to 400'. Foam up if necessary.
- At TD, pump a high viscosity pill & circulate the hole clean. TOH.
- Run 8- $\frac{5}{8}$ ", 24 ppf J-55 ST&C casing to 400' and cement according to the attached program.
- WOC a minimum of 4 hrs. Cut-off 8- $\frac{5}{8}$ " casing and install casing head. Cut casing off so that the top of the 8- $\frac{5}{8}$ " casing head is at or slightly below ground level.
- Install BOPE, manifold, and control lines. Pressure test the casing head, blind rams, pipe rams, manifold, and 8- $\frac{5}{8}$ " casing to 2100 psi. Pressure test annular preventer to 1500 psi.
- Note: Notify proper authorities at least 24 hours prior to testing the BOPE.
- WOC a minimum of 12 hours prior to drilling the float equipment.

\*Note: Lost circulation is problematic in this area, especially if mud-up of the system is required for any reason. Keep a good supply of fibrous lost circulation materials on location for any mud losses.

### B. 7- $\frac{7}{8}$ " Hole: 400' - $\pm 2,800'$ .

**Mud weight: 8.3-8.7 ppg**

**Drill solids: 1-2%**

**Solids control: Reserve pit**

**Fluid system: Fresh water w/ appropriate viscosity and flocculent additives.**

- Drill out of the 8- $\frac{5}{8}$ " casing with fresh water.
- Use viscous sweeps whenever necessary to ensure adequate hole cleaning while drilling with water.
- Keep the drilled solids to a minimum by using a selective flocculent.
- Use sweep treatments of drilling detergent to provide lubricity and minimize bit balling.
- Lost circulation is problematic in this area, especially if mud-up of the system is required for any reason. Keep a good supply of fibrous lost circulation materials on location for any mud losses.

**C. 7-7/8" Hole:  $\pm$  2,800'-5,590'.**

**Mud weight: 8.7-9.1 ppg**

**Drill solids: 4-6%**

**Solids control: Adjustable linear shaker, Centrifuge, Mud Cleaner.**

**Fluid system: Mud up with a polymer-gel system.**

- Mud up with a polymer-gel system. Use caustic soda to achieve a 9.0-9.5 pH.
- Additional fluid loss control will be required in this interval. Use fluid loss additives as necessary to maintain the API fluid loss at 8-10 cc's/30 min or less.
- Sloughing may become problematic in this interval. If this occurs, reduce the API fluid loss further.
- Run all available solids control equipment to maintain the mud weight and keep solids as low as possible.
- Lost circulation will be problematic when mudded up, especially between 3000' and 3500'. Pre-treating with 15-25% fibrous LCM is recommended prior to drilling at 3000'.
- The anticipated mud weight of this well is 8.7-9.1 ppg, but allow the hole to dictate the mud weight required. Penetrated intervals may be affected by the local waterflood and a higher mud weight may be required.
- For lost circulation, use pill treatments of 25-35% fibrous LCM. To fight lost circulation, pull up four stands and while moving pipe, spot a 15-20 ppb pill of varied size LCM. Allow the pill to sit and heal the zone prior to drilling ahead.

**D. Proposed Casing Design and Cement:**

- Surface Casing: Surface-400', 8-5/8", 24ppf, J-55, ST&C.  
Cement: Lead system: 140 sks. 35:65 Poz: Class G + 4% Bentonite Gel + 3% CaCl<sub>2</sub> + 0.25 pps Celloflake. Tail system: 95 sks. Class G + 2% CaCl<sub>2</sub> + .25 pps Celloflake.
- Production Casing: Surface -5,590', 5-1/2", 15.5ppf, J-55, LT&C.  
Cement: Lead system: 215 sks. Class G + 5% salt + 12% Bentonite Gel + 1% Chemical Extender + 0.5% Fluid loss additive + 0.2% Anti-foamer + 0.25 pps Celloflake. Tail system: 210 sks. 50:50 Poz: Class G + 10% salt + 2% Bentonite Gel + 0.2% Anti-foamer.

**E. Anticipated Bit Program:**

1. 12-1/4" IADC Bit #111 -Surface hole to 400'.
2. 7-7/8" IADC Bit #116, 400'-3,100'.
3. 7-7/8" IADC Bit #517, 3,100'-4,900'.
4. 7-7/8" IADC Bit #527, 4,900'-5,590'.

**WALKER HOLLOW UNIT NO. 80**  
**APD INFORMATION**  
**Sec. 3, T7S, R23E**  
**Uintah County, Utah**

1. The geologic name of the surface formation: Quaternary Alluvium.
2. The estimated tops of important geological markers:

Green River	2998'
Green River "Du 5b" Zone	4862'
Green River "Du 5c" Zone	4928'
Green River "Du 8c" Zone	5408'
Green River "Du 8d" Zone	5473'
Green River "DL a1" Zone	5508'
<b>Total Depth</b>	<b>5590'</b>

3. The estimated depths at which anticipated water, oil, gas, or other mineral bearing formations are expected to be encountered:

Fresh Water	Surface to 4,862'
Oil and Gas	4862' to TD.

4. Proposed casing program:

<u>String</u>	<u>Depth Interval</u>	<u>Size</u>	<u>Weight/Grade</u>	<u>Condition</u>
Surface	0 - 400'	8- <sup>5</sup> / <sub>8</sub> "	24# / J-55	New
Production	0 - ±5590'	5- <sup>1</sup> / <sub>2</sub> "	15.5# / J-55	New

5. Minimum specifications for pressure control equipment:

- a. Wellhead Equipment – Threaded type 3000 psi WP.
- b. Blow out preventers – Refer to attached drawing and list of equipment for description of BOP stack and choke manifold. Exhibit "F"
- c. BOP Control Unit – Unit will be hydraulically operated and have at least 3 control stations.
- d. Testing – When installed on the 8-<sup>5</sup>/<sub>8</sub>" surface casing, the BOP stack will be tested to a low pressure (200-300 psi) and to 2100 psi. Casing rams will be tested in like manner when installed prior to running production casing. An operational test of the blow-out preventers will be performed on each round trip (but not more than once each day); the annular and pipe ram preventers will be closed on drill pipe, and the blind rams will be closed while pipe is out of the hole.



6. Type and anticipated characteristics of drilling fluid:

<u>Depth Interval</u>	<u>Mud Type</u>
0'-Surface Casing Seat	Fresh Water Spud Mud-Air drill if possible
Surface Casing Seat- 2800'	GYP/Water. No Fluid loss control. 8.3-8.7ppg.
2800'-TD	GEL/CHEM. Fluid loss 8-12CC's. 8.7-9.1ppg

7. Auxiliary Control Equipment:

- a. Kelly Cocks: Upper and lower installed on Kelly.
- b. Safety Valve: Full opening ball type to fit each type and size of drill pipe in use will be available on rig floor at all times, in open position for stabbing into drill pipe when Kelly is not in the string.
- c. Trip tank will be used (if available) to insure that hole is full and takes proper amount of fluid on trips will be used during drilling of production hole.

8. Testing, Logging, and Completion Programs:

- a. Logging: Caliper-SFL-DIL-GR from Base Surface Casing (BSC) – TD.  
CNL-LDT-GR from BSC – TD.  
Microlog-BSC-TD.  
RFT-Approx. 20 Pressure Samples + 1 Fluid Recovery.

- b. Completion – Formation: Green River “D”

Anticipated Completion Procedure: Perforate selectively as directed by COGC Reservoir. Treat perforations with 15% acid. Sand-frac perforations possible as dictated by inflow performance.

- c. Production method: Rod pump through 2-<sup>7</sup>/<sub>8</sub>” tubing.

9. No hydrogen sulfide hazards are anticipated. This well may be close to the water flood and may require higher mud weight to control pressure from injection.
10. Starting date of drilling operations will depend on rig availability. Subject to rig availability, it is anticipated that drilling and completion operations will occur in 2003.

## **SURFACE USE PLAN: WHU #80**

### **Citation Oil & Gas Corp. -Walker Hollow Unit**

Well No. 80 – 460' FEL & 460' FSL of Section 3, T7S, R23E     Uintah County, Utah

1. EXISTING ROADS – Area Map, Exhibit “A”.
  - A. Exhibit “B” shows the proposed well site as staked.
  - B. From Vernal, go south-easterly on Highway 45 approximately 21 miles, then easterly approximately 2.6 miles to Red Wash, then approximately 2.6 miles north-easterly to the Walker Hollow field, then on oil field roads approximately 3 miles to proposed location.
  - C. As shown on Exhibit “C”, the new access road to be built:

Approximately 1056' of new road to Well No. 80
  - D. The existing roads within a one-mile radius are shown on Exhibit “C”.
  - E. No improvements of existing roads will be required as the roads are being maintained in the oil field.
2. PLANNED ACCESS ROADS – Exhibit “C” shows the new access road to be constructed.
  - A. The road will be a minimum of 16' wide.
  - B. The maximum grade will be less than 10 percent.
  - C. No turnouts are anticipated.
  - D. Drainage structure will be installed where necessary.
  - E. No culverts will be required.
  - F. The road will be graveled where necessary.
  - G. There will be no gates, cattle-guards, or fence cuts.
  - H. Proposed access road has been staked.

3. LOCATION OF EXISTING WELLS WITHIN A ONE-MILE RADIUS –

- A. Water wells – none.
- B. Abandoned wells – UPB #2, as shown on Exhibit “D”.
- C. Temporarily Abandoned Wells – none.
- D. Disposal Wells – WHU #26.
- E. Drilling Wells – none.
- F. Producing Wells – See Exhibit “D”
- G. Shut-in Wells – B #8, PB #11, WHU #37, WHU #30, as shown on Exhibit “D”.
- H. Injection Wells – See Exhibit “D”.
- I. Monitoring or Observation Wells for Other Resources – none.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES –

- A. Existing facilities are greater than a one-mile radius from the proposed location.

- 1. Satellite Tank Battery – SE/SW Section 1, T7S, R23E.  
Tank Battery #2 – SW/SE Section 12, T7S, R23E.
- 2. Production facilities are located at the tank battery sites.
- 3. Oil and Gas gathering lines, injection lines, and disposal lines where needed are laid along the existing or proposed roads to existing lines or tank battery sites.
- 4. The oil and gas gathering line will be laid as shown in Exhibit “C”. This route may serve future use for an injection or disposal line as needed.

WHU #80: The flowline route will follow the access road as shown on Exhibit “C” approximately 1000’ and tie into the existing flowline system servicing the WHU #66.

- B. Citation Oil & Gas Corp. will make adjustments to enlarge existing tank batteries servicing the proposed location to accommodate the additional production if necessary.

- C. Rehabilitation will be done on any disturbed areas no longer needed for operations after completion of the production facilities. This will consist of reshaping the existing surface and seeding as specified.

5. LOCATION AND TYPE OF WATER SUPPLY -

- A. Water will be hauled over existing roads or piped alongside existing and proposed roads from the water flood plant or water flood distribution system. The water flood plant is located about 3.5 miles east of the proposed location.
- B. No new roads will be needed for the water supply.

6. SOURCE OF CONSTRUCTION MATERIALS - Contractor will furnish gravel and haul from a source outside the area.

7. WASTE DISPOSAL –

- A. Drill cuttings will be disposed of in the reserve pit.
- B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling. (In the event of a dry hole, pumpable liquid on the surface of the pit will be injected into the well to shorten the pit drying time.)
- C. Water produced during tests will be disposed of in the reserve pit. Oil produced during tests will be stored in test tanks until sold, at which time it will be hauled from site.
- D. Sewage from trailer houses will be collected in a sewage tank. The tank will be cleaned and the contents disposed of at an approved location as determined by the sewage service provider. Portable toilet facilities will also be provided for the rig crews. Waste removal and disposal will be handled by a professional sewage service and disposal provider.
- E. Trash, waste paper, and garbage will be contained in trash baskets covered with small mesh wire to prevent wind scattering. Trash will be hauled from location and disposed of in approved landfill facilities.
- F. When the rig moves out, all trash and debris left on location will be removed and disposed of appropriately.

8. ANCILLARY FACILITIES – No camps, airstrips, et cetera, will be constructed.

9. WELLSITE LAYOUT –

- A. Exhibit “E” (Scale 1” – 50’) shows proposed wellsite layout.

- B. This Exhibit indicates proposed location of mud tanks, reserve pit, trash baskets, pipe racks, other major rig components, living facilities, stockpile, and turn-in from access road.
- C. Mud pits in the active circulating system will be steel pits, and the reserve pit is proposed to be unlined unless subsurface conditions encountered during pit construction indicate that lining is needed for lateral containment of fluids.

#### 10. RESTORATION OF SURFACE –

- A. Upon completion of the operation and removal of any trash or debris as discussed earlier, pits will be backfilled and leveled or contoured as soon as practical after drying time. The drill-site surface will be re-shaped to combat erosion and stockpiled topsoil will be distributed to extent available. Prior to leaving the drill-site upon rig move-out, any pit that is to remain open for drying will be fenced and so maintained until backfilled and reshaped.
- B. Citation Oil & Gas Corp. will rehabilitate the road as per BLM requirements.
- C. Re-vegetation of the drill pad will comply with SMA-BLM specifications.
- D. Any oil on pits will be removed and taken to the well battery for recovery.
- E. Rehabilitation operations will start the Spring after completion and finished by the following Fall to BLM specifications.

#### 11. OTHER INFORMATION –

- A. The proposed well pad is located on clay soil. There is very little vegetation. There are sparse cedar trees.
- B. There is no surface use other than grazing. All wells are on Federal surface administered by the BLM.
- C. There are no dwellings, archaeological, historical, or cultural sites apparent in the area.
- D. There are no ponds, streams, or water wells in the area.
- E. There are no buildings of any kind in the area.

12. OPERATOR' REPRESENTATIVE – Citation Oil & Gas Corp.'s field representative for contact regarding compliance with the Surface Use Plan is:

Citation Oil & Gas Corporation  
Attn: John Long – Petroleum Engineer  
1016 E. Lincoln  
Gillette, WY 82716

Office Phone: 307-682-4853  
Cell Phone: 307-689-3406  
Home Phone: 307-682-5482

Sharon Ward - Regulatory Administrator  
Office Phone: 281-517-7309  
E-Mail sward@cogc.com

13. CERTIFICATION – I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site(s) and access route(s); that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Citation Oil & Gas Corp. and it's contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. A copy of this plan will be posted at the wellsite during the drilling of the well for reference by all contractors and subcontractors.

Date: 10-14-02

Signed: Sharon Ward  
Sharon Ward Regulatory Administrator  
Citation Oil & Gas Corp.

CULTURAL RESOURCE INVENTORY OF CITATION OIL AND GAS  
CORPORATION'S 3 WELL LOCATIONS IN WALKER HOLLOW  
OIL FIELD, UINTAH COUNTY, UTAH

By:

Melissa A. Elkins  
Keith R. Montgomery

Prepared For:

Bureau of Land Management  
Vernal Field Office

Prepared Under Contract With:

Citation Oil and Gas Corporation  
1016 East Lincoln St.  
Gillette, Wyoming 82716

Prepared By:

Montgomery Archaeological Consultants  
P.O. Box 147  
Moab, Utah 84532

August 22, 2001

MOAC Report No. 01-127

United States Department of Interior (FLPMA)  
Permit No. 01-UT-60122

State of Utah Antiquities Project (Survey)  
Permit No. U-01-MQ-0553b,s

## INTRODUCTION

A cultural resource inventory was conducted by Montgomery Archaeological Consultants (MOAC) on August 21 and 22, 2001 for well locations WHU #80, WHU #81, and WHU #82 in the Walker Hollow Oil Field. The project area is located in and around Walker Hollow, to the north of Red Wash, east of Vernal, Uintah County, Utah. The survey was implemented at the request of Mr. Mark Weber, Citation Oil and Gas Corporation, Vernal, Utah. The project includes a total of 36.5 acres, 34.5 of which are situated on public land administered by the Bureau of Land Management (BLM), Vernal Field Office, and 2 acres which are administered by the State of Utah, School and Institutional Trust Land Administration (SITLA).

The objective of the inventory was to locate, document, and evaluate any cultural resources within the project area in order to comply with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended). Also, the inventories were implemented to attain compliance with a number of federal and state mandates, including the National Environmental and Policy Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, the American Indian Religious Freedom Act of 1978, and the Utah State Antiquities Act of 1973 (amended 1990).

The fieldwork was performed on August 21 and 22, 2001 by Keith Montgomery, under the auspices of U.S.D.I. (FLPMA) Permit No. 01-UT-60122, State of Utah Antiquities Permit (Survey) No. U-01-MQ-0553b,s issued to Montgomery Archaeological Consultants, Moab, Utah.

A file search for previous cultural resource inventories and archaeological sites was conducted by Keith Montgomery at the BLM Vernal Field Office on August 21, 2001. This consultation indicated that no archaeological sites are documented within the project area. To the south of the project area, Nickens and Associates conducted a 10 percent stratified random sampling of the 128,000-acre Red Wash Cultural Resources Study Tract in Uintah County, Utah in 1979 (Nickens 1980). For this study, 320 40-acre parcels were surveyed, resulting in the documentation of 26 archaeological sites. One historic site, the Kennedy Stage Stop (42Un799), of the Uintah Railway System, was recorded. The remaining 25 sites are prehistoric, and include temporary camps, lithic scatters, a lithic and ceramic scatter, and a quarry (42Un795-820).



## PROJECT AREA

Citation Oil and Gas Corporation's proposed well locations WHU #80, WHU #81, and WHU #82 with associated access roads, and pipeline corridors are located in the Walker Hollow Oil Field, Uintah County, Utah (Figure 1). Well location WHU #80 is located in T 7S, R 23E, Section 3, 460 ft FSL and 460 ft FEL. Well location WHU #81 is located in T 7S, R 23E, Section 11, 1483 ft FNL and 1874 ft FWL. Well location WHU #82 is located in T 7S R 23E, Section 11, 1821 ft FSL and 817 ft FWL, with an associated access road extending into Section 10.

The project area lies within the Uinta Basin physiographic unit, a distinctly bowl-shaped geologic structure (Stokes 1986:231). The entire Uinta Basin ecosystem is within the Green River drainage, considered to be the northernmost extension of the Colorado Plateau. Red Wash occurs within the Central Badlands District of the Uintah Basin, which is an area of broad erosional benches with extensive badland rims along the drainages. The heavily eroded benches and mesas are capped with sand and silt which erode downslope forming areas of sand dunes, sand sheets, and colluvial clays. The elevation of the project area is 5380 to 5440 feet a.s.l.

Specifically, the inventory area is situated in and around Walker Hollow, to the north of Red Wash and Deadman Bench. Geologically, the area includes recent alluvial deposits, older alluvial terrace deposits, and rock outcrops of the Upper Eocene Uinta Formation. The Uinta Formation occurs as eroded outcrops formed by fluvial deposited stream laid interbedded sandstone and mudstone. This formation is known for its fossil vertebrate turtles, crocodilians, fish, and mammals. Vegetation in the project area includes juniper, greasewood, shadscale, rabbitbrush, mormon tea, snakeweed, and prickly pear cactus. Modern disturbances include livestock grazing, roads, and oil/gas development.

## SURVEY METHODOLOGY

An intensive pedestrian survey was completed for this project which is considered 100% coverage. The survey was performed by Keith Montgomery, Principal Investigator of MOAC. At the proposed well locations, a 10 acre square was defined, centered on the well pad center stake. The interior of the well location was examined for cultural resources by the archaeologist walking parallel transects. The access road and pipeline corridors were surveyed to a width of 30 m (100 ft). Well location WHU #80 included an access road/pipeline corridor 150 ft in length. The access road/pipeline corridor for well location WHU #81 occurred within the 10 acre parcel. Well location WHU #82 included an pipeline corridor 300 ft in length, and an access road 900 ft in length. Ground visibility was considered good. A total of 34.5 acres was inventoried for cultural resources on public land administered by the BLM, Vernal Field Office, and a total of 2 acres on land administered by the State of Utah (SITLA).

## RESULTS AND RECOMMENDATIONS

The inventory of Citation Oil and Gas Corporation's well locations WHU #80, WHU #81, and WHU #82 with associated access roads and pipeline corridors, resulted in a finding of no cultural resources. Based on the finding, a determination of "no historic properties affected" is recommended for the project pursuant to Section 106, CFR 800.

## REFERENCES CITED

Nickens, P.R.

1980      Sample Inventories of Oil & Gas Fields in Eastern Utah 1978-1979. Utah Bureau of Land Management, Cultural Resource Series No. 5. Bureau of Land Management Utah State Office, Salt Lake City, Utah.

Stokes, W.L.

1986      *Geology of Utah*. Utah Museum of Natural History and Utah Geological and Mineral Survey, Salt Lake City.



### Geological Prognosis

**Field:** Walker Hollow Unit **Classification:** Development-Oil  
**Operator:** Citation Oil & Gas **Total Depth:** 5590'  
**Well Name:** Walker Hollow Unit #80 **Elevation:** GL 5320' est.  
KB 5333' est.  
**Objective(s):** Green River  
**Geologist:** Terry McCance **Backup:** Jack Olivier  
281-517-7384 (W) 281-517-7393 (W)  
936-273-6837 (H) 281-251-8153 (H)  
281-703-4554 (M)  
**Location:** Uintah County, Utah  
Surface: 460' FSL & 460' FEL of Section 3, T-7-S, R-23-E.  
Tolerance - 100' north or 100' west of proposed location.

<u>Estimated Geological Tops:</u>	<u>This Well</u>	<u>Type Well</u>
	<u>WHU #80</u>	<u>WHU #57</u>
<u>Correlation Tops:</u>	<u>MD/SS</u>	<u>MD/SS</u>
Green River	2998' (+2335)	2997' (+2413)
G.R. Du 5	4793' (+540)	4745' (+665)
G.R. Du 6	5003' (+335)	4965' (+445)
G.R. Du 7	5113' (+220)	5074' (+336)
G.R. Du 8	5308' (+25)	5267' (+143)
G.R. Du 8c	5408' (-75)	5363' (+47)
G.R. Du 8d	5473' (-140)	5425' (-15)
G.R. DLal	5508' (-175)	5460' (-50)
G.R. DLK	5548' (-215)	5493' (-83)
Total Depth	5590' (-257)	

*Note: TD for the subject well was picked so that approximately 50' of rat-hole will exist below the lowest anticipated perforation. Offset analysis indicates that porous sand in the K sequence does not develop at the top of the K sequence in the offset wells. Porous K sandstone sequences are thought to be wet and can complicate completions.*

#### Objective Zone:

Du 5b 4862' (+471)  
Du 5c 4928' (+405)  
Du 8c 5408' (-75)  
Du 8d 5473' (-140)  
DLal 5508' (-175)

**Expected Production:** 50 BOPD 40 MCFGPD 50 BWPD

**Expected Formation Pressure (objective zones):** Anticipate 0.433psi/ft gradient, some zones may be higher pressure due to injection.

**Wellsite Geologist Depth:** BSC to TD (Two Man Unit). **DST's:** None.

#### Logging Program:

1. Cali - SFL-DIL - GR from BSC - TD.
2. CNL-LDT - GR from BSC - TD.
3. Microlog - BSC - TD.
4. RFT - Approx. 20 Pressure Samples + 1 Fluid Recovery

**Approval:** J.M. Davis **Date:** 7-23-2001

ENTRY 95003409  
BOOK 597 PAGE 663.

Form 4-318  
(August 1947)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
NONCOMPETITIVE  
Office Salt Lake City  
Serial 066312

LEASE OF OIL AND GAS LANDS UNDER THE ACT OF  
FEBRUARY 25, 1920, AS AMENDED

THIS INDENTURE OF LEASE, entered into, in triplicate, as of the Nov. 1, 1948  
day of November, 1948, by and between the UNITED STATES OF AMERICA, through the  
Bureau of Land Management, party of the first part, and Penneken S. Smith,  
1442 Leadville Avenue, Salt Lake City, Utah;

party of the second part, hereinafter called the lessee, under, pursuant, and  
subject to the terms and provisions of the act of February 25, 1920 (41 Stat. 437),  
as amended, hereinafter referred to as the act, and to all reasonable regulations  
of the Secretary of the Interior now or hereafter in force when not inconsistent  
with any express and specific provisions herein, which are made a part hereof,  
WITNESSETH:

SECTION 1. Rights of Lessee.—That the lessor, in consideration of rents and  
royalties to be paid, and the conditions and covenants to be observed as herein set  
forth, does hereby grant and lease to the lessee the exclusive right and privilege  
to drill for, mine, extract, remove, and dispose of all the oil and gas deposits  
except helium gas in or under the following-described tracts of land situated in the

T. 7 S., R. 23 E., S.L.M., Utah;  
sec. 1, lots 9, 10, 11, 12, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ ;  
sec. 2, all;  
sec. 3, lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ ;  
sec. 4, lots 1, 2, 7, 8, 9, 10, S $\frac{1}{2}$ N $\frac{1}{2}$ ;

ENTRY 95003409  
BOOK 597 PAGE 663-669 \$49.00  
12-JUN-95 02:57  
RANDY SIMMONS  
RECORDER, UTAH COUNTY, UTAH  
CITATION OIL AND GAS CORP.  
3223 WILLOW PLACE SOUTH #250 HOUSTON TX  
Rep By: SYLENE ACCUTTOROP DEPUTY

containing 2,528.33 acres, more or less, together with the right to construct and  
maintain thereupon all works, buildings, plants, waterways, roads, telegraph or  
telephone lines, pipe lines, reservoirs, tanks, pumping stations, or other struc-  
tures necessary to the full enjoyment thereof, for a period of 5 years, and so long  
thereafter as oil or gas is produced in paying quantities; subject to any unit  
agreement heretofore or hereafter approved by the Secretary of the Interior, the  
provisions of said agreement to govern the lands subject thereto where inconsisten-  
cies with the terms of this lease occur.

SEC. 2. In consideration of the foregoing, the lessee hereby agrees:

(a) Bonds.—(1) To maintain any bond furnished by the lessee as a condition  
for the issuance of this lease. (2) If the lease is issued noncompetitively, to  
furnish a bond in a sum double the amount of the \$1 per acre annual rental, but not  
less than \$1,000 nor more than \$5,000, upon the inclusion of any part of the leased  
land within the geologic structure of a producing oil or gas field. (3) To furnish  
prior to beginning of drilling operations, and maintain at all times thereafter as  
required by the lessor a bond in the amount of \$5,000 with approved corporate  
surety, or with deposit of United States bonds as surety therefor, conditioned upon  
compliance with the terms of the lease, and the lessee's bond in that amount is already  
being maintained or unless the lessee is an approved operator of the  
lease is accepted hereby certify that this reproduction is a copy of the official  
record on file in this office.

James L. Simmons May 10, 1995

Until a general lease bond is filed a noncompetitive lessee will be required to furnish and maintain a bond in the penal sum of not less than \$1,000 in those cases in which a bond is required by law for the protection of the owners of surface rights. In all other cases where a bond is not otherwise required, a \$1,000 bond must be filed for compliance with the lease obligations not less than 90 days before the due date of the next unpaid annual rental, but this requirement may be successively dispensed with by payment of each successive annual rental not less than 90 days prior to its due date.

(b) Cooperative or unit plan.—Within 30 days of demand, or if the land is within an approved unit plan, in the event such a plan is terminated prior to the expiration of this lease, within 30 days of demand made thereafter, to subscribe to and to operate under such reasonable cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof, embracing the lands included herein as the Secretary of the Interior may determine to be practicable and necessary or advisable, which plan shall adequately protect the rights of all parties in interest, including the United States.

(c) Wells.—(1) To drill and produce all wells necessary to protect the leased land from drainage by wells on lands not the property of the lessor or lands of the United States leased at a lower royalty rate, or in lieu of any part of such drilling and production, with the consent of the Director of the Geological Survey, to compensate the lessor in full each month for the estimated loss of royalty through drainage in the amount determined under instructions of said Secretary; (2) at the election of the lessee, to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the field or area in which the leased lands are situated, which is authorized and sanctioned by applicable law or by the Secretary of the Interior; and (3) promptly after due notice in writing to drill and produce such other wells as the Secretary of the Interior may require to insure diligence in the development and operation of the property.

(d) Rentals and royalties.—(1) To pay the rentals and royalties set out in the rental and royalty schedule attached hereto and made a part hereof.

(2) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any or all oil, gas, natural gasoline, and other products obtained from gas; due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by the lessee, to posted prices and to other relevant matters and, whenever appropriate, after notice and opportunity to be heard.

(3) When paid in value, such royalties on production shall be due and payable monthly on the last day of the calendar month next following the calendar month in which produced. When paid in amount of production, such royalty products shall be delivered in merchantable condition on the premises where produced without cost to lessor, unless otherwise agreed to by the parties hereto, at such times and in such tanks provided by the lessee as reasonably may be required by the lessor; but in no case shall the lessee be required to hold such royalty oil or other products in storage beyond the last day of the calendar month next following the calendar month in which produced. The lessee shall not be responsible or held liable for the loss or destruction of royalty oil or other products in storage from causes over which he has no control.

(4) Royalties shall be subject to reduction on the entire leasehold or on any portion thereof segregated for royalty purposes if the Secretary of the Interior finds that the lease cannot be successfully operated upon the royalties fixed herein, or that such action will encourage the greatest ultimate recovery of oil or gas or promote conservation.

(e) Contracts for disposal of products.—Not to sell or otherwise dispose of oil, gas, natural gasoline, and other products of the lease except in accordance with a contract or other arrangement first approved by the Director of the Geological Survey or his representative, such approval to be subject to review by the Secretary of the Interior but to be effective unless and until revoked by the Secretary or the approving officer, and to file with such officer all contracts or full information as to other arrangements for such sales.

(f) Statements, plats, and reports.—At such times and in such form as the lessor may prescribe, to furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amounts used for production purposes or unavoidably lost; a plat showing development work and improvements on the leased lands and a report with respect to stockholders, investment, depreciation, and costs.

(g) Well records.—To keep a daily drilling record, a log, and complete and full information on all well surveys and tests in form acceptable to or prescribed by the lessor of all wells drilled on the leased lands, and an acceptable record of all subsurface investigations affecting said lands, and to furnish them, or copies thereof, to the lessor when required.

(h) Inspection.—To keep open at all reasonable times for the inspection of any duly authorized officer of the Department, the leased premises and all wells, and all improvements, machinery, and fixtures thereon and all books, accounts, maps, and records relative to operations and surveys or investigations on the leased lands or under the lease.

(i) Payments.—Unless otherwise directed by the Secretary of the Interior, to make rental, royalty, or other payments to the lessor, to the order of the Treasurer of the United States, such payments to be tendered to the manager of the district land office in the district in which the lands are located or to the Director of the Bureau of Land Management if there is no district land office in the State in which the lands are located.

(j) Diligence—Prevention of waste—Health and safety of workmen.—To exercise reasonable diligence in drilling and producing the wells herein provided for unless consent to suspend operations temporarily is granted by the lessor; to carry on all operations in accordance with approved methods and practice as provided in the operating regulations, having due regard for the prevention of waste of oil or gas or damage to deposits or formations containing oil, gas, or water or to coal, oil, gas, or other mineral deposits, for conservation of gas energy, for the preservation and conservation of the property for future productive operations, and for the health and safety of workmen and employees; to plug properly and effectively all wells before abandoning the same; to carry out at expense of the lessee, all reasonable orders of the lessor relative to the matters in this paragraph, and that on failure of the lessee so to do the lessor shall have the right to enter on the property and to accomplish the purpose of such orders at the lessee's cost. Provided, that the lessee shall not be held responsible for delays or casualties occasioned by causes beyond lessee's control.

(k) Taxes and wages—Freedom of purchase.—To pay when due, all taxes lawfully assessed and levied under the laws of the State or the United States, upon improvements, oil, and gas produced from the lands hereunder, or other rights, property, or assets of the lessee; to accord all workmen and employees complete freedom of purchase, and to pay all wages due workmen and employees at least twice each month in the lawful money of the United States.

(l) Nondiscrimination.—Not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and to require an identical provision to be included in all subcontracts.

(m) Assignment of oil and gas lease or interest therein.—To file within 90 days from the date of final execution any instrument of transfer made of this lease, or any interest therein, including assignments of record title, working or royalty interests, operating agreements and subleases for approval, such instrument to take effect upon its final approval by the Director, Bureau of Land Management, as of the first day of the lease month following the date of filing in the proper land office.

(n) Pipe lines to purchase or convey at reasonable rates and without discrimination.—If owner, or operator, or owner of a controlling interest in any pipe line or of any company operating the same which may be operated accessible to the oil or gas derived from lands under this lease, to accept and convey and, if a purchaser of such products, to purchase at reasonable rates and without discrimination the oil or gas of the Government or of any citizen or company not the owner of any pipe line.

operating a lease or purchasing or selling oil, gas, natural gasoline, or other products under the provisions of the act.

(o) Reserved deposits.—To comply with all statutory requirements and regulations thereunder, if the lands embraced herein have been or shall hereafter be disposed of under the laws reserving to the United States the deposits of oil and gas therein, subject to such conditions as are or may hereafter be provided by the laws reserving such oil or gas.

(p) Reserved or segregated lands.—If any of the land included in this lease is embraced in a reservation or segregated for any particular purpose, to conduct operations thereunder in conformity with such requirements as may be made by the Director, Bureau of Land Management, for the protection and use of the land for the purpose for which it was reserved or segregated, so far as may be consistent with the use of the land for the purpose of this lease, which latter shall be regarded as the dominant use unless otherwise provided herein or separately stipulated.

(q) Overriding royalties.—To limit the obligation to pay overriding royalties or payments out of production in excess of 5 percent to periods during which the average production per well per day is more than 15 barrels on an entire leasehold or any part of the area thereof or any zone segregated for the computation of royalties.

(r) Deliver premises in cases of forfeiture.—To deliver up the premises leased, with all permanent improvements thereon, in good order and condition in case of forfeiture of this lease; but this shall not be construed to prevent the removal, alteration, or renewal of equipment and improvements in the ordinary course of operations.

SEC. 3. The lessor expressly reserves:

(a) Rights reserved—Easements and rights-of-way.—The right to permit for joint or several use easements or rights-of-way, including easements in tunnels upon, through, or in the lands leased, occupied, or used as may be necessary or appropriate to the working of the same or of other lands containing the deposits described in the act, and the treatment and shipment of products thereof by or under authority of the Government, its lessees or permittees, and for other public purposes.

(b) Disposition of surface.—The right to lease, sell, or otherwise dispose of the surface of any of the lands embraced within this lease which are owned by the United States under existing law or laws hereafter enacted, insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the oil and gas therein.

(c) Monopoly and fair prices.—Full power and authority to promulgate and enforce all orders necessary to insure the sale of the production of the leased lands to the United States and to the public at reasonable prices, to protect the interests of the United States, to prevent monopoly, and to safeguard the public welfare.

(d) Helium.—Pursuant to section 1 of the act, and section 1 of the act of March 3, 1927 (44 Stat. 1387), as amended, the ownership and the right to extract helium from all gas produced under this lease, subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. In case the lessor elects to take the helium the lessee shall deliver all gas containing same, or portion thereof desired, to the lessor at any point on the leased premises in the manner required by the lessor, for the extraction of the helium in such plant or reduction works for that purpose as the lessor may provide, whereupon the residue shall be returned to the lessee with no substantial delay in the delivery of gas produced from the well to the purchaser thereof. The lessee shall not suffer a diminution of value of the gas from which the helium has been extracted, or loss otherwise, for which he is not reasonably compensated, save for the value of the helium extracted. The lessor further reserves the right to erect, maintain, and operate any and all reduction works and other equipment necessary for the extraction of helium on the premises leased.

(e) Taking of royalties.—All rights pursuant to section 38 of the act, to take royalties in amount or in value of production.

(f) Casing.—All rights pursuant to section 40 of the act to purchase casing and lease or operate valuable water wells.

(g) Fissionable materials.—Pursuant to the provisions of the act of August 1, 1946 (Public Law 585, 79th Congress) all uranium, thorium, or other material which has been or may hereafter be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, together with the right of the United States through its authorized agents or representatives at any time to enter upon the land and prospect for, mine and remove the same, making just compensation for any damage or injury occasioned thereby.

SEC. 4. Drilling and producing restrictions.—It is covenanted and agreed that the rate of prospecting and developing and the quantity and rate of production from the lands covered by this lease shall be subject to control in the public interest by the Secretary of the Interior, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal laws, State laws, and regulations issued thereunder, or lawful agreements among operators regulating either drilling or production, or both. After unitization, the Secretary of the Interior, or any person, committee, or State or Federal officer or agency so authorized in the unit plan, may alter or modify from time to time, the rate of prospecting and development and the quantity and rate of production from the lands covered by this lease.

SEC. 5. Surrender and termination of lease.—The lessee may surrender this lease or any legal subdivision thereof by filing in the proper land office a written relinquishment, in triplicate, which shall be effective as of the date of filing subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for suspension or abandonment in accordance with the regulations and the terms of the lease, to be accompanied by a statement that all wages and moneys due and payable to the workmen employed on the land relinquished have been paid.

SEC. 6. Purchase of materials, etc., on termination of lease.—Upon the expiration of this lease, or the earlier termination thereof pursuant to the last preceding section, the lessor or another lessee may, if the lessor shall so elect within 3 months from the termination of the lease, purchase all materials, tools, machinery, appliances, structures, and equipment placed in or upon the land by the lessee, and in use thereon as a necessary or useful part of an operating or producing plant, on the payment to the lessee of such sum as may be fixed as a reasonable price therefor by a board of three appraisers, one of whom shall be chosen by the lessor, one by the lessee, and the other by the two so chosen; pending such election all equipment shall remain in normal position. If the lessor, or another lessee, shall not within 3 months elect to purchase all or any part of such materials, tools, machinery, appliances, structures, and equipment, the lessee shall have the right at any time, within a period of 90 days thereafter to remove from the premises all the material, tools, machinery, appliances, structures, and equipment which the lessor shall not have elected to purchase, save and except casing in wells and other equipment or apparatus necessary for the preservation of the well or wells. Any materials, tools, machinery, appliances, structures, and equipment, including casing in or out of wells on the leased lands, shall become the property of the lessor, on expiration of the period of 90 days above referred to or such extension thereof as may be granted on account of adverse climatic conditions throughout said period.

SEC. 7. Proceedings in case of default.—If the lessee shall not comply with any of the provisions of the act or the regulations thereunder or make default in the performance or observance of any of the terms, covenants, and stipulations hereof and such default shall continue for a period of 30 days after service of written notice thereof by the lessor, the lease may be canceled by the Secretary of the Interior in accordance with section 31 of the act, as amended, and all materials, tools, machinery, appliances, structures, equipment, and wells shall thereupon become the property of the lessor, except that if said lease covers lands known to contain valuable deposits of oil or gas, the lease may be canceled only by judicial proceedings in the manner provided in section 31 of the act; but this provision shall not be construed to prevent the exercise by the lessor of any legal or equitable remedy which the lessor might otherwise have. A waiver of any particular



cause of forfeiture shall not prevent the cancellation and forfeiture of this lease for any other cause of forfeiture, or for the same cause occurring at any other time.

SEC. 8. Heirs and successors in interest.—It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

SEC. 9. Unlawful interest.—It is also further agreed that no Member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified, and during his continuance in office, and that no officer, agent, or employee of the Department of the Interior, shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of section 3741 of the Revised Statutes of the United States, and sections 114, 115, and 116 of the Codification of the Penal Laws of the United States approved March 4, 1909 (35 Stat. 1109), relating to contracts, enter into and form a part of this lease so far as the same may be applicable.

IN WITNESS WHEREOF:

THE UNITED STATES OF AMERICA.

By \_\_\_\_\_  
Director of the Bureau of Land Management.

\_\_\_\_\_  
Witnesses to signature of lessee.

\_\_\_\_\_  
Lessee.

Schedule "A"  
RENTALS AND ROYALTIES

Rentals.—To pay the lessor in advance on the first day of the month in which the lease issues a rental at the following rates:

(a) If the lands are wholly outside the known geologic structure of a producing oil or gas field:

- (1) For the first lease year, a rental of 50 cents per acre.
- (2) For the second and third lease years, no rental.
- (3) For the fourth and fifth years, 25 cents per acre.
- (4) For the sixth and each succeeding year, 50 cents per acre.

(b) On leases wholly or partly within the geologic structure of a producing oil or gas field:

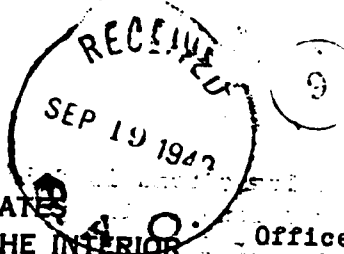
- (1) Beginning with the first lease year after 30 days' notice that all or part of the land is included in such a structure and for each year thereafter, prior to a discovery of oil or gas on the lands herein, \$1 per acre.
- (2) On the lands committed to an approved cooperative or unit plan which includes a well capable of producing oil or gas and contains a general provision for allocation of production, for the lands not within the participating area an annual rental of 5 cents per acre for the first and each succeeding lease year following discovery.

Minimum royalty.—To pay the lessor in lieu of rental at the expiration of each lease year after discovery a minimum royalty of \$1 per acre or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty of \$1 per acre, provided that on unitized leases, the minimum royalty shall be payable only on the participating acreage.

Royalty on production.—To pay the lessor 12½ percent royalty on the production removed or sold from the leased lands.

The average production per well per day for oil and for gas shall be determined pursuant to 30 CFR, Part 221, "Oil and Gas Operating Regulations."

In determining the amount or value of gas and liquid products produced, the amount or value shall be net after an allowance for the cost of manufacture. The allowance for cost of manufacture may exceed two-thirds of the amount or value of any product only on approval by the Secretary of the Interior.



RECEIVED  
District Land Office  
SALT LAKE CITY, UTAH

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
Utah Land & Survey Office

Office Salt Lake  
066357  
Serial 066357

Noncompetitive

Contract No. 1-4L-(21)-----  
3793

LEASE OF OIL AND GAS LANDS UNDER THE ACT OF  
FEBRUARY 25, 1920, AS AMENDED

THIS INDENTURE OF LEASE, entered into, in triplicate, as of the  
day of OCT 1 1949 by and between the UNITED STATES OF AMERICA, through the  
Bureau of Land Management, party of the first part, and  
Gloria Bamberger, 153 South Main Street, Salt Lake City, Utah.

party of the second part, hereinafter called the lessee, under, pursuant, and  
subject to the terms and provisions of the act of February 25, 1920 (41 Stat. 437),  
as amended, hereinafter referred to as the act, and to all reasonable regulations  
of the Secretary of the Interior now or hereafter in force when not inconsistent  
with any express and specific provisions herein, which are made a part hereof,

WITNESSETH:

SECTION 1. Rights of Lessee.—That the lessor, in consideration of rents and  
royalties to be paid, and the conditions and covenants to be observed as herein set  
forth, does hereby grant and lease to the lessee the exclusive right and privilege  
to drill for, mine, extract, remove, and dispose of all the oil and gas deposits  
except helium gas in or under the following-described tracts of land situated in the

T. 7 S., R. 23 E., S.L.M., Utah

- Sec. 3: SE 1/4
- Sec. 4: SE 1/4
- Sec. 11: All
- Sec. 12: All

Uintah County

T. 7 S., R. 24 E., S.L.M., Utah

- Sec. 7: All
- Sec. 8: N 1/2

No bond required

*Handwritten signature*  
12/6/57  
2382.12

containing 2542.12 acres, more or less, together with the right to construct and  
maintain thereupon all works, buildings, plants, waterways, roads, telegraph or  
telephone lines, pipe lines, reservoirs, tanks, pumping stations, or other struc-  
tures necessary to the full enjoyment thereof, for a period of 5 years, and so long  
thereafter as oil or gas is produced in paying quantities; subject to any unit  
agreement heretofore or hereafter approved by the Secretary of the Interior, the  
provisions of said agreement to govern the lands subject thereto where inconsisten-  
cies with the terms of this lease occur.

SEC. 2. In consideration of the foregoing, the lessee hereby agrees:

(a) Bonds.—(1) To maintain any bond furnished by the lessee as a condition  
for the issuance of this lease. (2) If the lease is issued noncompetitively, to  
furnish a bond in a sum double the amount of the \$1 per acre annual rental, but not  
less than \$1,000 nor more than \$5,000, upon the inclusion of any part of the leased  
land within the geologic structure of a producing oil or gas field. (3) To furnish  
prior to beginning of drilling operations and maintain at all times thereafter as  
required by the lessor a bond in the penal sum of \$5,000 with approved corporate  
surety, or with deposit of United States bonds as surety therefor, conditioned upon  
compliance with the terms of this lease, unless a bond in that amount is already  
being maintained or unless such a bond furnished by an approved operator of the  
lease is accepted.

Until a general lease bond is filed a noncompetitive lessee will be required to furnish and maintain a bond in the penal sum of not less than \$1,000 in those cases in which a bond is required by law for the protection of the owners of surface rights. In all other cases where a bond is not otherwise required, a \$1,000 bond must be filed for compliance with the lease obligations not less than 90 days before the due date of the next unpaid annual rental, but this requirement may be successively dispensed with by payment of each successive annual rental not less than 90 days prior to its due date.

(b) Cooperative or unit plan.—Within 30 days of demand, or if the land is within an approved unit plan, in the event such a plan is terminated prior to the expiration of this lease, within 30 days of demand made thereafter, to subscribe to and to operate under such reasonable cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof, embracing the lands included herein as the Secretary of the Interior may determine to be practicable and necessary or advisable, which plan shall adequately protect the rights of all parties in interest, including the United States.

(c) Wells.—(1) To drill and produce all wells necessary to protect the leased land from drainage by wells on lands not the property of the lessor or lands of the United States leased at a lower royalty rate, or in lieu of any part of such drilling and production, with the consent of the Director of the Geological Survey, to compensate the lessor in full each month for the estimated loss of royalty through drainage in the amount determined under instructions of said Secretary; (2) at the election of the lessee, to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the field or area in which the leased lands are situated, which is authorized and sanctioned by applicable law or by the Secretary of the Interior; and (3) promptly after due notice in writing to drill and produce such other wells as the Secretary of the Interior may require to insure diligence in the development and operation of the property.

(d) Rentals and royalties.—(1) To pay the rentals and royalties set out in the rental and royalty schedule attached hereto and made a part hereof.

(2) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any or all oil, gas, natural gasoline, and other products obtained from gas; due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by the lessee, to posted prices and to other relevant matters and, whenever appropriate, after notice and opportunity to be heard.

(3) When paid in value, such royalties on production shall be due and payable monthly on the last day of the calendar month next following the calendar month in which produced. When paid in amount of production, such royalty products shall be delivered in merchantable condition on the premises where produced without cost to lessor, unless otherwise agreed to by the parties hereto, at such times and in such tanks provided by the lessee as reasonably may be required by the lessor, but in no case shall the lessee be required to hold such royalty oil or other products in storage beyond the last day of the calendar month next following the calendar month in which produced. The lessee shall not be responsible or held liable for the loss or destruction of royalty oil or other products in storage from causes over which he has no control.

(4) Royalties shall be subject to reduction on the entire leasehold or on any portion thereof segregated for royalty purposes if the Secretary of the Interior finds that the lease cannot be successfully operated upon the royalties fixed herein, or that such action will encourage the greatest ultimate recovery of oil or gas or promote conservation.

(e) Contracts for disposal of products.—Not to sell or otherwise dispose of oil, gas, natural gasoline, and other products of the lease except in accordance with a contract or other arrangement first approved by the Director of the Geological Survey or his representative, such approval to be subject to review by the Secretary of the Interior but to be effective unless and until revoked by the Secretary or the approving officer, and to file with such officer all contracts or full information as to other arrangements for such sales.

(f) Statements, plats, and reports.—At such times and in such form as the lessor may prescribe, to furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amounts used for production purposes or unavoidably lost; a plat showing development work and improvements on the leased lands and a report with respect to stockholders, investment, depreciation, and costs.

(g) Well records.—To keep a daily drilling record, a log, and complete information on all well surveys and tests in form acceptable to or prescribed by the lessor of all wells drilled on the leased lands, and an acceptable record of all subsurface investigations affecting said lands, and to furnish them, or copies thereof to the lessor when required.

(h) Inspection.—To keep open at all reasonable times for the inspection of any duly authorized officer of the Department, the leased premises and all wells, improvements, machinery, and fixtures thereon and all books, accounts, maps, and records relative to operations and surveys or investigations on the leased lands or under the lease.

(i) Payments.—Unless otherwise directed by the Secretary of the Interior, to make rental, royalty, or other payments to the lessor, to the order of the Treasurer of the United States, such payments to be tendered to the manager of the district land office in the district in which the lands are located or to the Director of the Bureau of Land Management if there is no district land office in the State in which the lands are located.

(j) Diligence—Prevention of waste—Health and safety of workmen.—To exercise reasonable diligence in drilling and producing the wells herein provided for unless consent to suspend operations temporarily is granted by the lessor; to carry on all operations in accordance with approved methods and practice as provided in the operating regulations, having due regard for the prevention of waste of oil or gas or damage to deposits or formations containing oil, gas, or water or to coal measures or other mineral deposits, for conservation of gas energy, for the preservation and conservation of the property for future productive operations, and for the health and safety of workmen and employees; to plug properly and effectively all wells before abandoning the same; to carry out at expense of the lessee all reasonable orders of the lessor relative to the matters in this paragraph, and that on failure of the lessee so to do the lessor shall have the right to enter on the property and to accomplish the purpose of such orders at the lessee's cost: Provided, that the lessee shall not be held responsible for delays or casualties occasioned by causes beyond lessee's control.

(k) Taxes and wages—Freedom of purchase.—To pay when due, all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, oil, and gas produced from the lands hereunder, or other rights, property, or assets of the lessee; to accord all workmen and employees complete freedom of purchase, and to pay all wages due workmen and employees at least twice each month in the lawful money of the United States.

(l) Nondiscrimination.—Not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and to require an identical provision to be included in all subcontracts.

(m) Assignment of oil and gas lease or interest therein.—To file within 90 days from the date of final execution any instrument of transfer made of this lease, or any interest therein, including assignments of record title, working or royalty interests, operating agreements and subleases for approval, such instrument to take effect upon its final approval by the Director, Bureau of Land Management, as of the first day of the lease month following the date of filing in the proper land office.

(n) Pipe lines to purchase or convey at reasonable rates and without discrimination.—If owner, or operator, or owner of a controlling interest in any pipe line or of any company operating the same which may be operated accessible to the oil or gas derived from lands under this lease, to accept and convey and, if a purchaser of such products, to purchase at reasonable rates and without discrimination the oil or gas of the Government or of any citizen or company not the owner of any pipe line,

operating a lease or purchasing or selling oil, gas, natural gasoline, or other products under the provisions of the act.

(o) Reserved deposits.—To comply with all statutory requirements and regulations thereunder, if the lands embraced herein have been or shall hereafter be disposed of under the laws reserving to the United States the deposits of oil and gas therein, subject to such conditions as are or may hereafter be provided by the laws reserving such oil or gas.

(p) Reserved or segregated lands.—If any of the land included in this lease is embraced in a reservation or segregated for any particular purpose, to conduct operations thereunder in conformity with such requirements as may be made by the Director, Bureau of Land Management, for the protection and use of the land for the purpose for which it was reserved or segregated, so far as may be consistent with the use of the land for the purpose of this lease, which latter shall be regarded as the dominant use unless otherwise provided herein or separately stipulated.

(q) Overriding royalties.—To limit the obligation to pay overriding royalties or payments out of production in excess of 5 percent to periods during which the average production per well per day is more than 15 barrels on an entire leasehold or any part of the area thereof or any zone segregated for the computation of royalties.

(r) Deliver premises in cases of forfeiture.—To deliver up the premises leased, with all permanent improvements thereon, in good order and condition in case of forfeiture of this lease; but this shall not be construed to prevent the removal, alteration, or renewal of equipment and improvements in the ordinary course of operations.

### SEC. 3. The lessor expressly reserves:

(a) Rights reserved—Easements and rights-of-way.—The right to permit for joint or several use easements or rights-of-way, including easements in tunnels upon, through, or in the lands leased, occupied, or used as may be necessary or appropriate to the working of the same or of other lands containing the deposits described in the act, and the treatment and shipment of products thereof by or under authority of the Government, its lessees or permittees, and for other public purposes.

(b) Disposition of surface.—The right to lease, sell, or otherwise dispose of the surface of any of the lands embraced within this lease which are owned by the United States under existing law or laws hereafter enacted, insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the oil and gas therein.

(c) Monopoly and fair prices.—Full power and authority to promulgate and enforce all orders necessary to insure the sale of the production of the leased lands to the United States and to the public at reasonable prices, to protect the interests of the United States, to prevent monopoly, and to safeguard the public welfare.

(d) Helium.—Pursuant to section 1 of the act, and section 1 of the act of March 3, 1927 (44 Stat. 1387), as amended, the ownership and the right to extract helium from all gas produced under this lease, subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. In case the lessor elects to take the helium the lessee shall deliver all gas containing same, or portion thereof desired, to the lessor at any point on the leased premises in the manner required by the lessor, for the extraction of the helium in such plant or reduction works for that purpose as the lessor may provide, whereupon the residue shall be returned to the lessee with no substantial delay in the delivery of gas produced from the well to the purchaser thereof. The lessee shall not suffer a diminution of value of the gas from which the helium has been extracted, or loss otherwise, for which he is not reasonably compensated, save for the value of the helium extracted. The lessor further reserves the right to erect, maintain, and operate any and all reduction works and other equipment necessary for the extraction of helium on the premises leased.

(e) Taking of royalties.—All rights pursuant to section 36 of the act, to take royalties in amount or in value of production.

(f) Casing.—All rights pursuant to section 40 of the act to purchase casing and lease or operate valuable water wells.

(g) Fissionable materials.—Pursuant to the provisions of the act of August 1, 1946 (Public Law 585, 79th Congress) all uranium, thorium, or other material which has been or may hereafter be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, together with the right of the United States through its authorized agents or representatives at any time to enter upon the land and prospect for, mine and remove the same, making just compensation for any damage or injury occasioned thereby.

SEC. 4. Drilling and producing restrictions.—It is covenanted and agreed that the rate of prospecting and developing and the quantity and rate of production from the lands covered by this lease shall be subject to control in the public interest by the Secretary of the Interior, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal laws, State laws, and regulations issued thereunder, or lawful agreements among operators regulating either drilling or production, or both. After unitization, the Secretary of the Interior, or any person, committee, or State or Federal officer or agency so authorized in the unit plan, may alter or modify from time to time, the rate of prospecting and development and the quantity and rate of production from the lands covered by this lease.

SEC. 5. Surrender and termination of lease.—The lessee may surrender this lease or any legal subdivision thereof by filing in the proper land office a written relinquishment, in triplicate, which shall be effective as of the date of filing subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for suspension or abandonment in accordance with the regulations and the terms of the lease, to be accompanied by a statement that all wages and moneys due and payable to the workmen employed on the land relinquished have been paid.

SEC. 6. Purchase of materials, etc., on termination of lease.—Upon the expiration of this lease, or the earlier termination thereof pursuant to the last preceding section, the lessor or another lessee may, if the lessor shall so elect within 3 months from the termination of the lease, purchase all materials, tools, machinery, appliances, structures, and equipment placed in or upon the land by the lessee, and in use thereon as a necessary or useful part of an operating or producing plant, on the payment to the lessee of such sum as may be fixed as a reasonable price therefor by a board of three appraisers, one of whom shall be chosen by the lessor, one by the lessee, and the other by the two so chosen; pending such election all equipment shall remain in normal position. If the lessor, or another lessee, shall not within 3 months elect to purchase all or any part of such materials, tools, machinery, appliances, structures, and equipment, the lessee shall have the right at any time, within a period of 90 days thereafter to remove from the premises all the material, tools, machinery, appliances, structures, and equipment which the lessor shall not have elected to purchase, save and except casing in wells and other equipment or apparatus necessary for the preservation of the well or wells. Any materials, tools, machinery, appliances, structures, and equipment, including casing in or out of wells on the leased lands, shall become the property of the lessor, on expiration of the period of 90 days above referred to or such extension thereof as may be granted on account of adverse climatic conditions throughout said period.

SEC. 7. Proceedings in case of default.—If the lessee shall not comply with any of the provisions of the act or the regulations thereunder or make default in the performance or observance of any of the terms, covenants, and stipulations hereof and such default shall continue for a period of 30 days after service of written notice thereof by the lessor, the lease may be canceled by the Secretary of the Interior in accordance with section 31 of the act, as amended, and all materials, tools, machinery, appliances, structures, equipment, and wells shall thereupon become the property of the lessor, except that if said lease covers lands known to contain valuable deposits of oil or gas, the lease may be canceled only by judicial proceedings in the manner provided in section 31 of the act; but this provision shall not be construed to prevent the exercise by the lessor of any legal or equitable remedy which the lessor might otherwise have. A waiver of any particular

cause of forfeiture shall not prevent the cancellation and forfeiture of this lease for any other cause of forfeiture, or for the same cause occurring at any other time.

SEC. 8. Heirs and successors in interest.—It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

SEC. 9. Unlawful interest.—It is also further agreed that no member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified, and during his continuance in office, and that no officer, agent, or employee of the Department of the Interior, shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of section 3741 of the Revised Statutes of the United States, and sections 431, 432, and 433, Title 18, United States Code, relating to contracts, enter into and form a part of this lease so far as the same may be applicable.

THE UNITED STATES OF AMERICA.

By [Signature]  
Manager, District Land Office

+ Margaret Marsh  
155 Second Ave  
Salt Lake City, Utah  
Name and Address

+ Herbert Cohen  
No 163 SOUTH MAIN ST  
SALT LAKE CITY, UTAH  
Witnesses to signature of lessee.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
[Signature] Lessee.



## RENTALS AND ROYALTIES

Rentals—To pay the lessor in advance on the first day of the month in which the lease issues a rental at the following rates:

- (a) If the lands are wholly outside the known geologic structure of a producing oil or gas field:
  - (1) For the first lease year, a rental of 50 cents per acre.
  - (2) For the second and third lease years, no rental.
  - (3) For the fourth and fifth years, 25 cents per acre.
  - (4) For the sixth and each succeeding year, 50 cents per acre.
- (b) On leases wholly or partly within the geologic structure of a producing oil or gas field:
  - (1) Beginning with the first lease year after 30 days' notice that all or part of the land is included in such a structure and for each year thereafter, prior to a discovery of oil or gas on the lands herein, \$1 per acre.
  - (2) On the lands committed to an approved cooperative or unit plan which includes a well capable of producing oil or gas and contains a general provision for allocation of production, for the lands not within the participating area an annual rental of 50 cents per acre for the first and each succeeding lease year following discovery.

Minimum royalty—To pay the lessor in lieu of rental at the expiration of each lease year after discovery a minimum royalty of \$1 per acre or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty of \$1 per acre, provided that on unitized leases, the minimum royalty shall be payable only on the participating acreage.

Royalty on production—To pay the lessor 12½ per cent royalty on the production removed or sold from the leased lands.

The average production per well per day for oil and for gas shall be determined pursuant to 30 CFR, Part 221, "Oil and Gas Operating Regulations."

In determining the amount or value of gas and liquid products produced, the amount or value shall be net after an allowance for the cost of manufacture. The allowance for cost of manufacture may exceed two-thirds of the amount or value of any product only on approval by the Secretary of the Interior.

# CITATION OIL & GAS CORP.

WHU #80

LOCATED IN UTAH COUNTY, UTAH  
SECTION 3, T7S, R23E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY

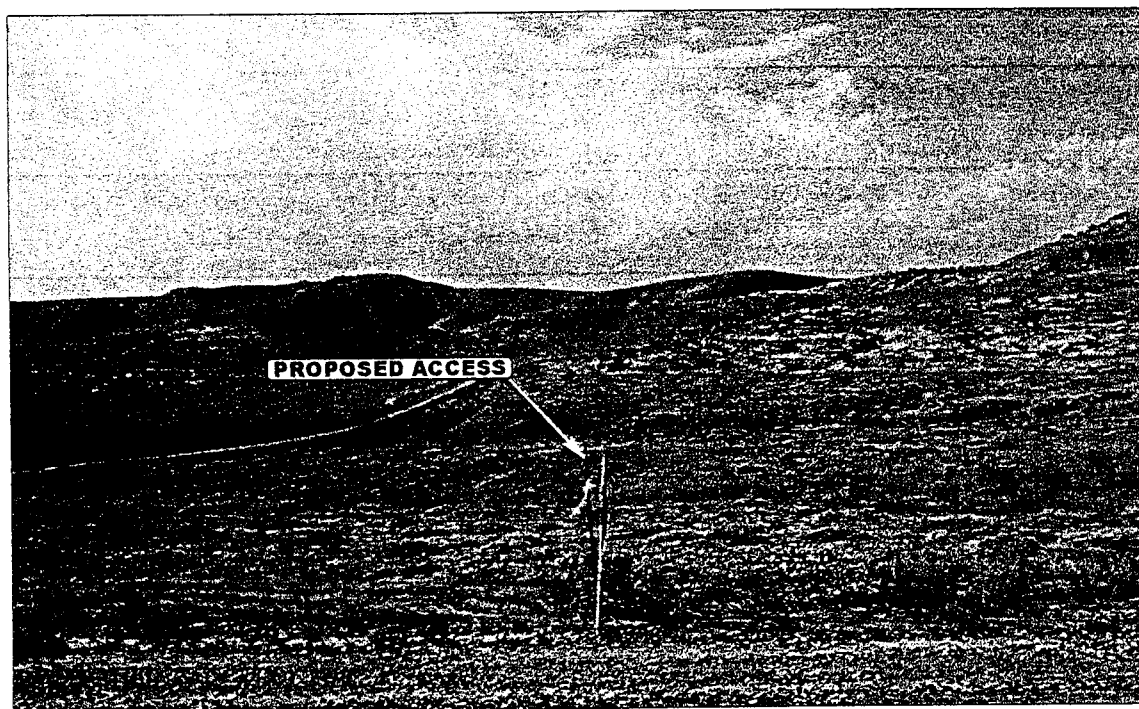


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

U  
E  
L  
S

Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078  
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

8 21 01  
MONTH DAY YEAR

PHOTO

TAKEN BY: B.B.

DRAWN BY: P.M.

REVISED: 00-00-00

# CITATION OIL & GAS CORP.

## TYPICAL CROSS SECTIONS FOR

WHU #80

SECTION 3, T7S, R23E, S.L.B.&M.

460' FSL 460' FEL

1" = 20'  
X-Section  
Scale  
1" = 50'

DATE: 8-23-01  
Drawn By: D.COX

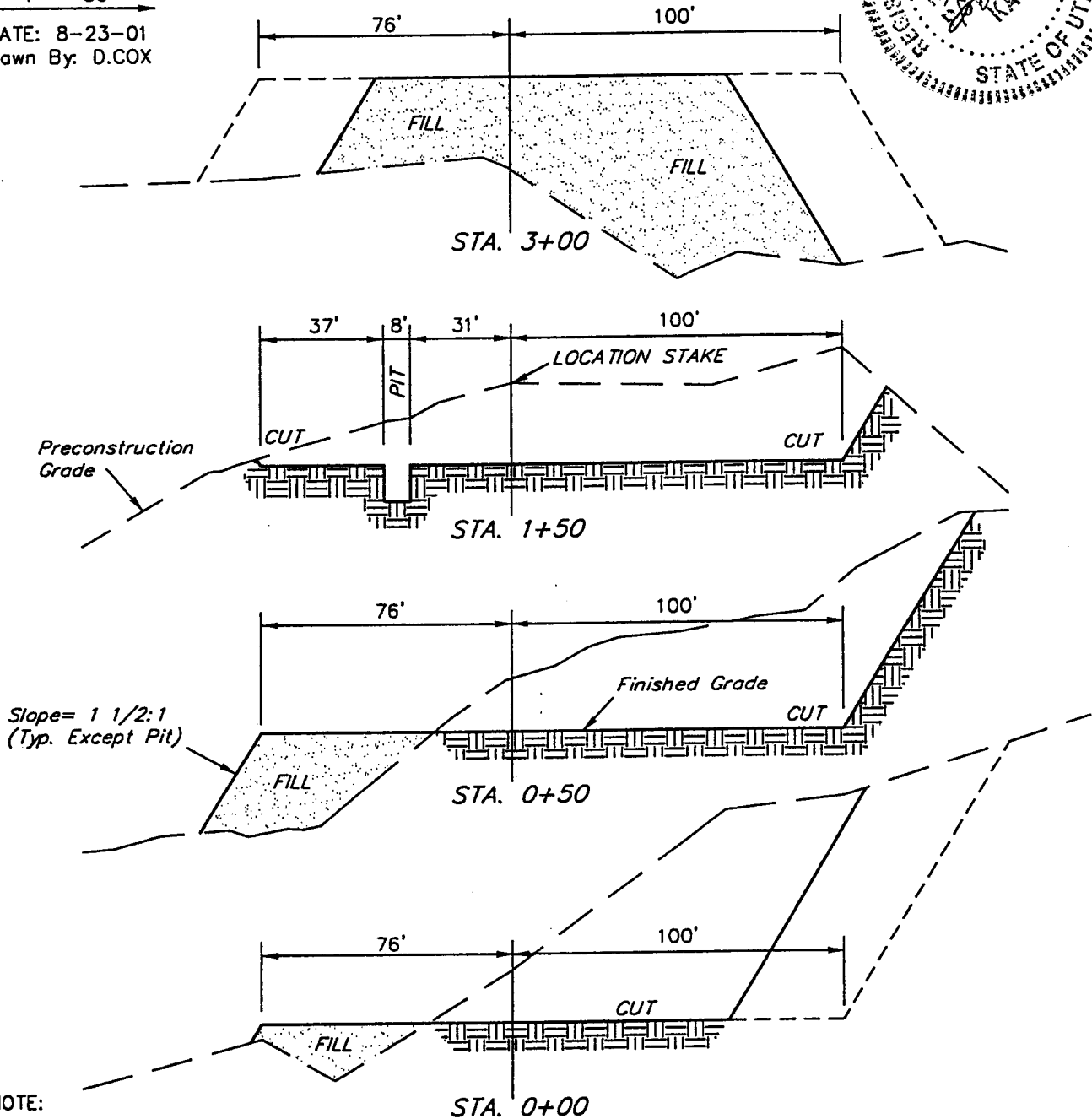
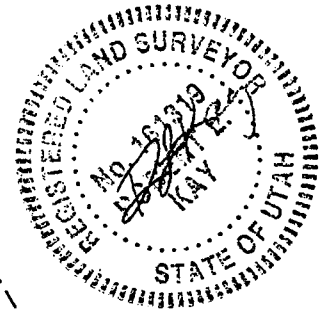


FIGURE #2

### APPROXIMATE YARDAGES

#### CUT

(6") Topsoil Stripping = 980 Cu. Yds.

Remaining Location = 11,830 Cu. Yds.

TOTAL CUT = 12,810 CU.YDS.

FILL = 11,100 CU.YDS.

EXCESS MATERIAL AFTER  
5% COMPACTION

= 1,130 Cu. Yds.

Topsoil & Pit Backfill  
(1/2 Pit Vol.)

= 1,130 Cu. Yds.

EXCESS MATERIAL After  
Reserve Pit is Backfilled &  
Topsoil is Re-distributed

= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

11. TO UTAH 264

20'

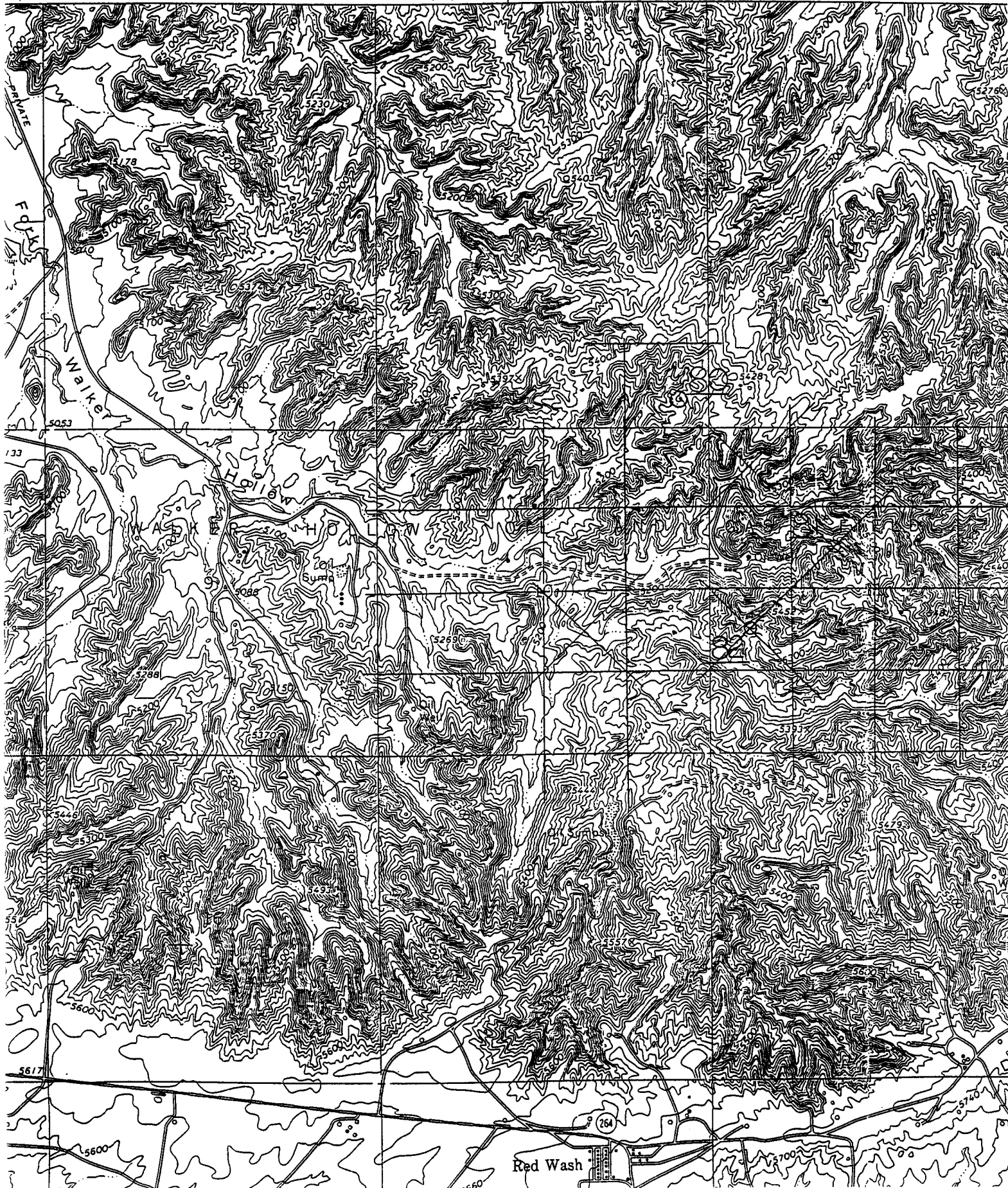
642

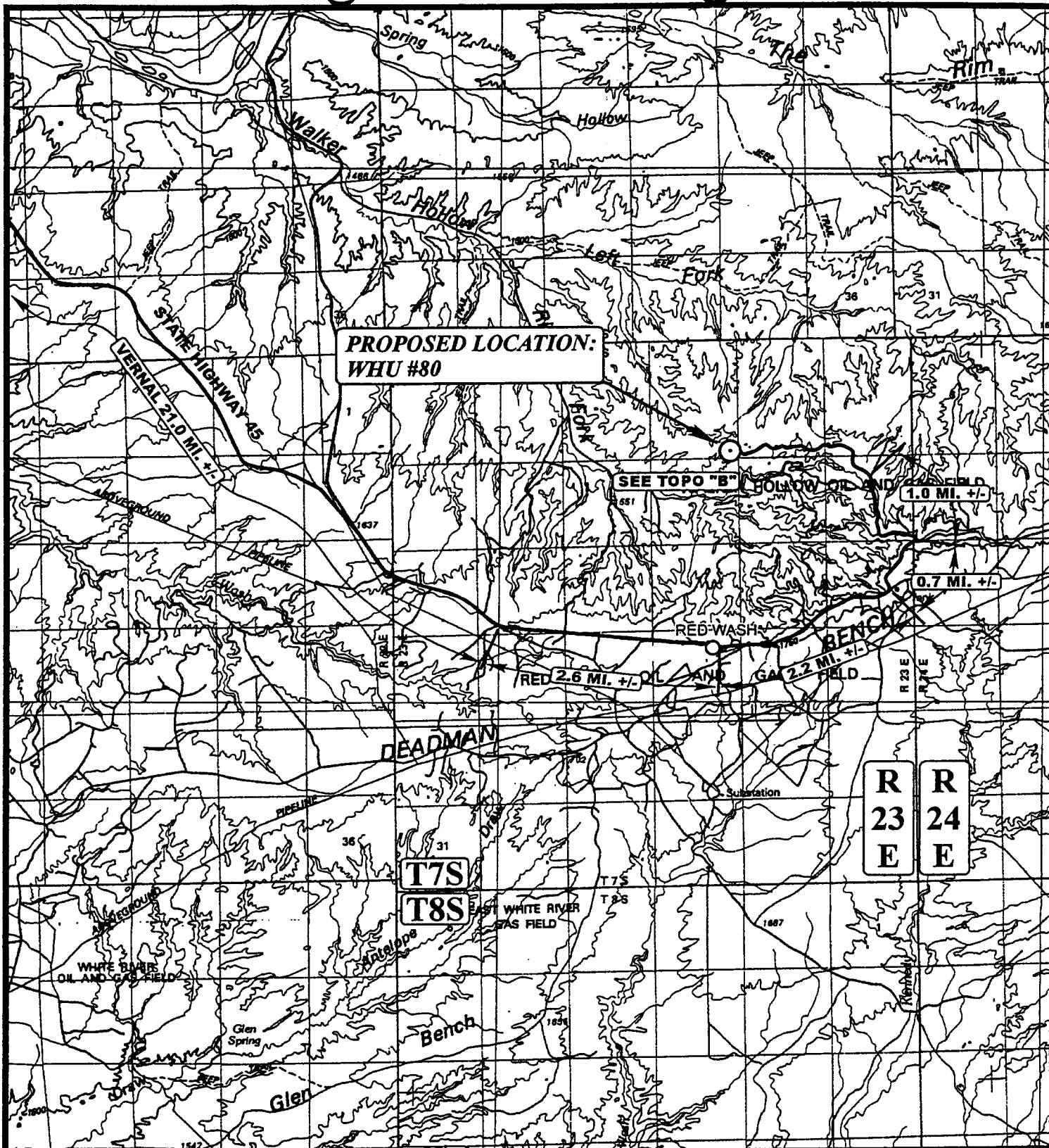
643

4164 IV SE  
(JENSEN)

644

645 17'30"





# **LEGEND:**

○ PROPOSED LOCATION



## **CITATION OIL & GAS CORPORATION**

WHU #80

SECTION 3, T7S, R23E, S.L.B.&M.

460' FSL 460' FEL



Uintah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

TOPOGRAPHIC  
MAP

8 21 01  
MONTH DAY YEAR

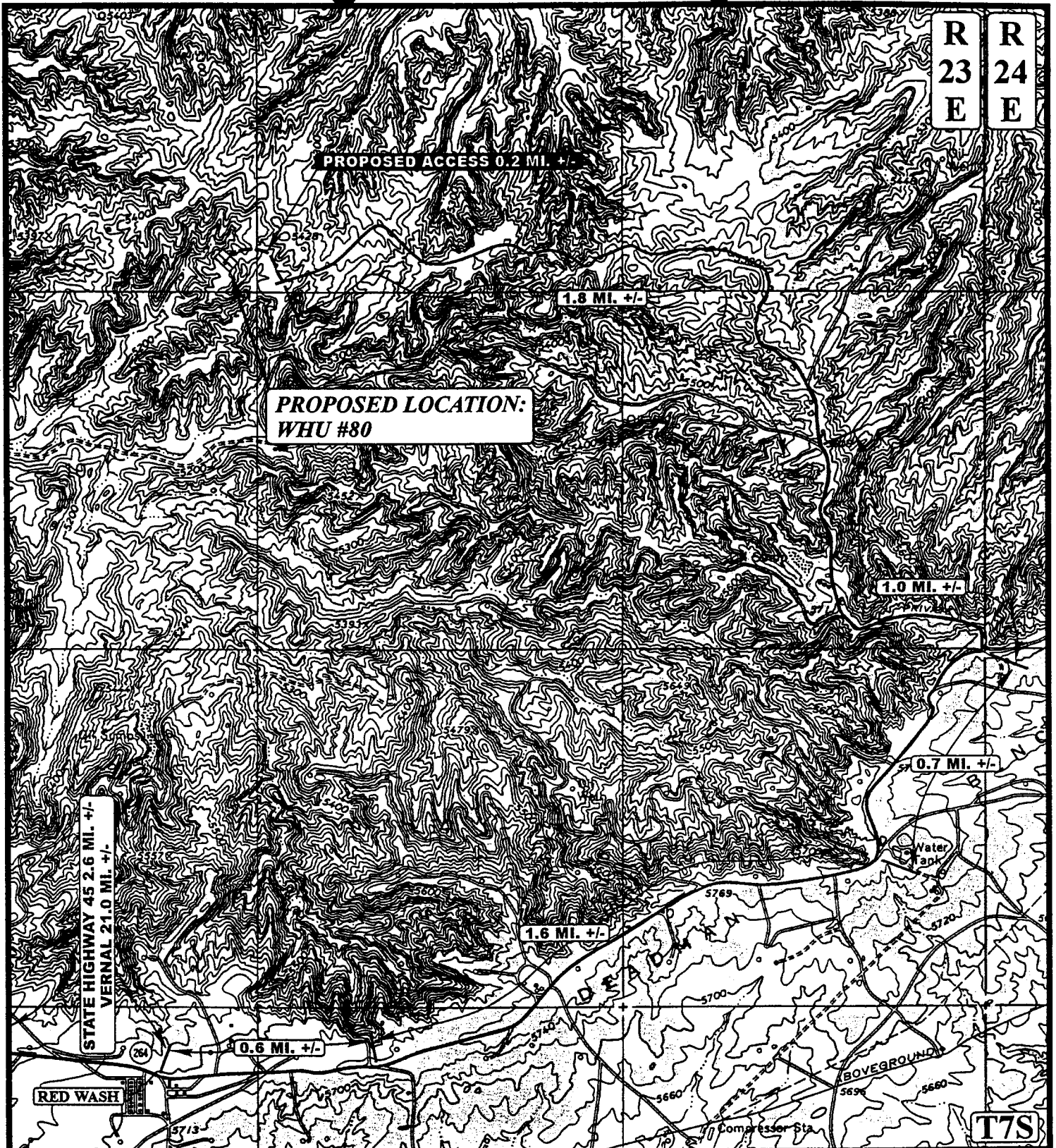
SCALE: 1:100,000

DRAWN BY: P.M.

REV: K.G. 2-11-02







# **LEGEND:**

----- PROPOSED ACCESS ROAD  
 ===== EXISTING ROAD

## **CITATION OIL & GAS CORPORATION**

**WHU #80**  
**SECTION 3, T7S, R23E, S.L.B.&M.**  
**460' FSL 460' FEL**



**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

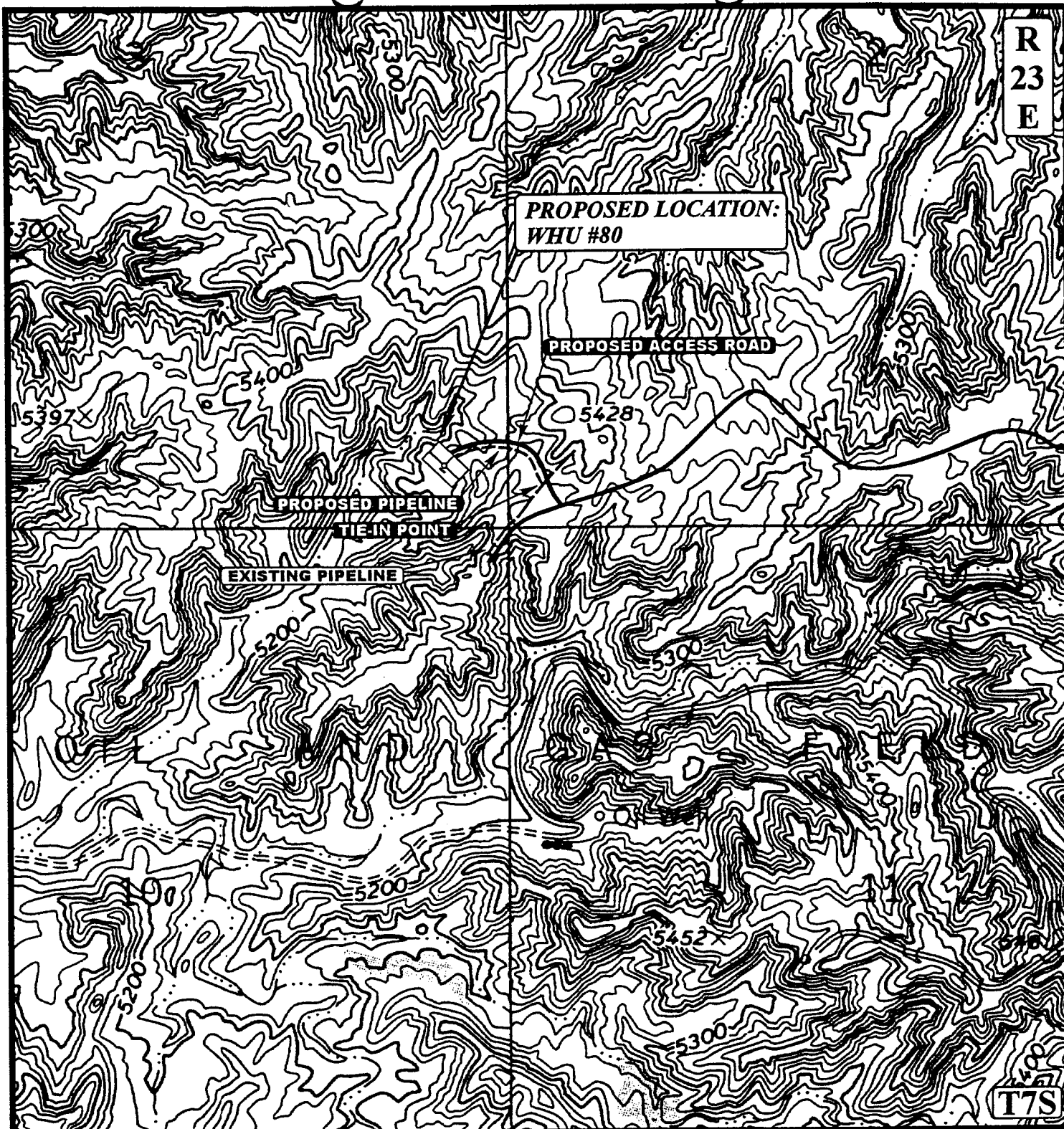


**TOPOGRAPHIC**  
**MAP**

**8** **21** **01**  
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: P.M. REVISED: 00-00-00

**B**  
**TOPO**



R  
23  
E

PROPOSED LOCATION:  
WHU #80

PROPOSED ACCESS ROAD

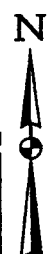
PROPOSED PIPELINE  
TIE-IN POINT

EXISTING PIPELINE

APPROXIMATE TOTAL PIPELINE DISTANCE = 1000' +/-

**LEGEND:**

- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED ACCESS



CITATION OIL & GAS CORPORATION

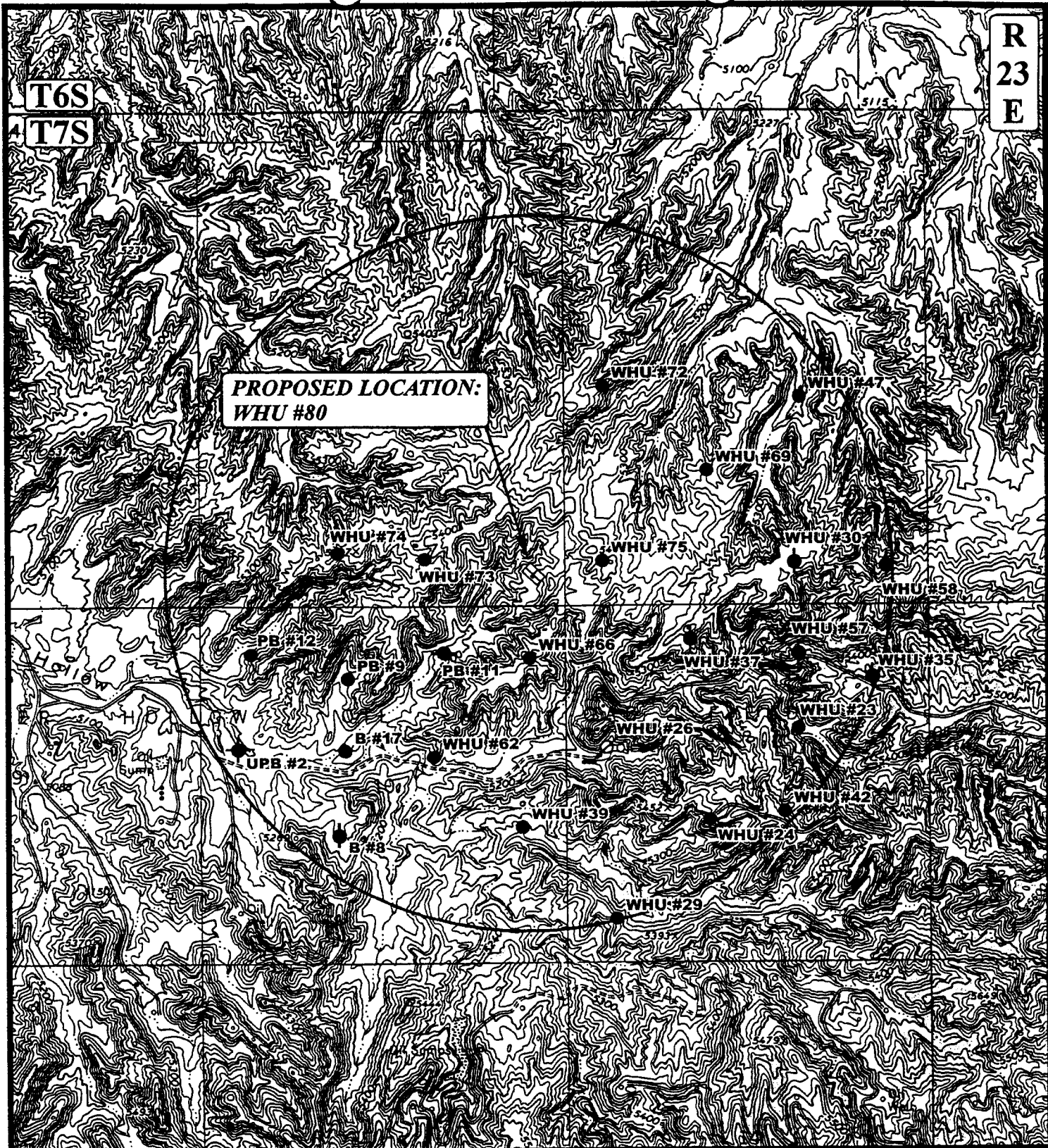
WHU #80  
SECTION 3, T7S, R23E, S.L.B.&M.  
460' FSL 460' FEL



Uintah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

TOPOGRAPHIC			
MAP			
8	21	01	
MONTH	DAY	YEAR	
SCALE: 1" = 1000'		DRAWN BY: P.M.	REV: K.G. 2-11-02





**LEGEND:**

- |                   |                         |
|-------------------|-------------------------|
| ○ DISPOSAL WELLS  | ● WATER WELLS           |
| ● PRODUCING WELLS | ● ABANDONED WELLS       |
| ● SHUT IN WELLS   | ● TEMPORARILY ABANDONED |

**CITATION OIL & GAS CORPORATION**

**WHU #80**  
**SECTION 3, T7S, R23E, S.L.B.&M.**  
**460' FSL 460' FEL**



**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813



**TOPOGRAPHIC**  
**MAP**

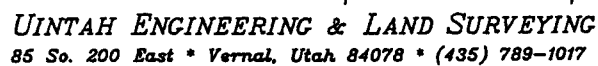
<b>8</b>	<b>21</b>	<b>01</b>
MONTH	DAY	YEAR

SCALE: 1" = 2000'    DRAWN BY: P.M.    REVISED: 3-12-02

**D**  
**EXHIBIT**

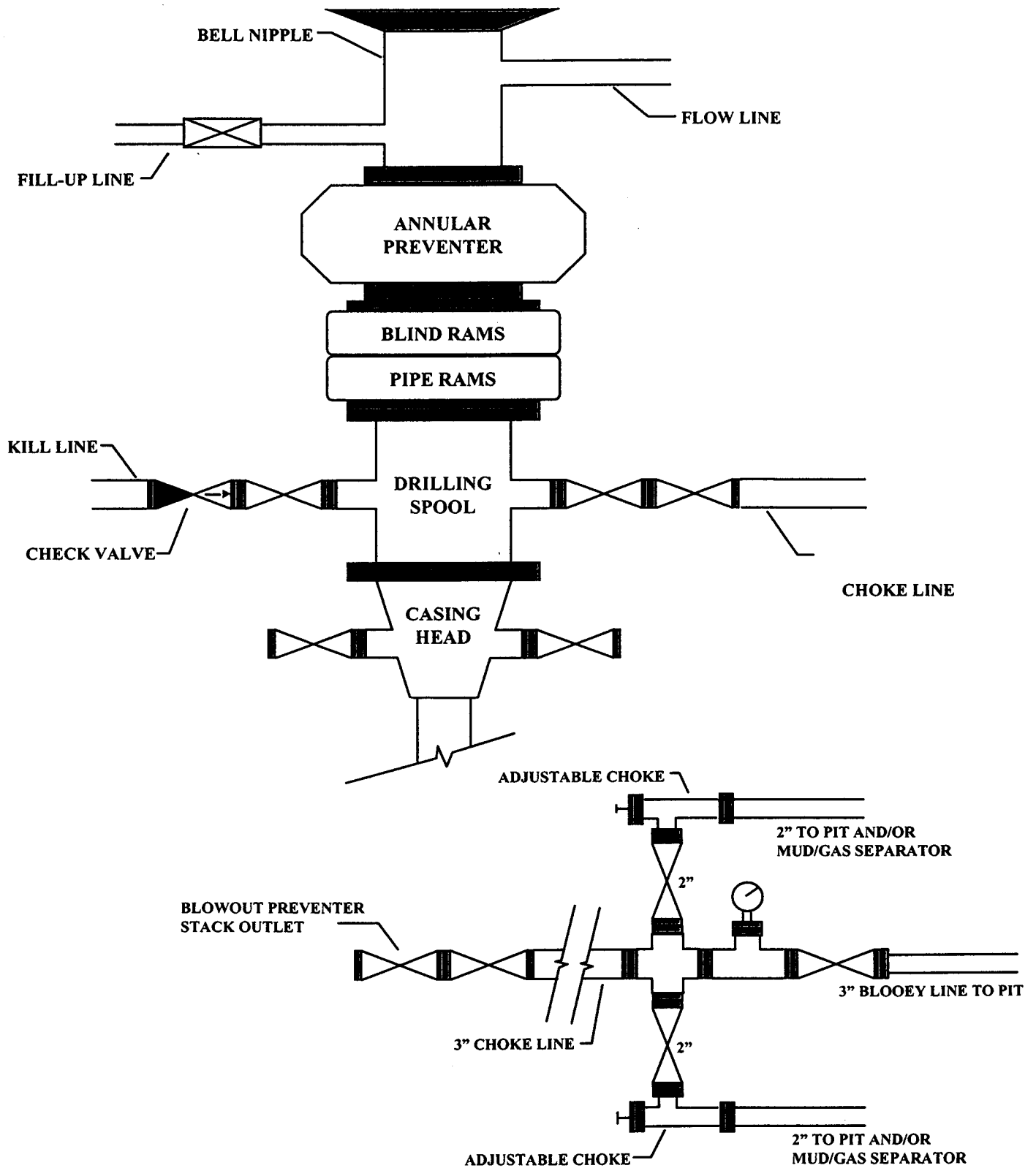


460' FSL    460' FEL



## EXHIBIT " F "

### TYPICAL 3,000 PSI MINIMUM REQUIREMENTS BLOWOUT PREVENTER AND CHOKE MANIFOLD SCHEMATIC



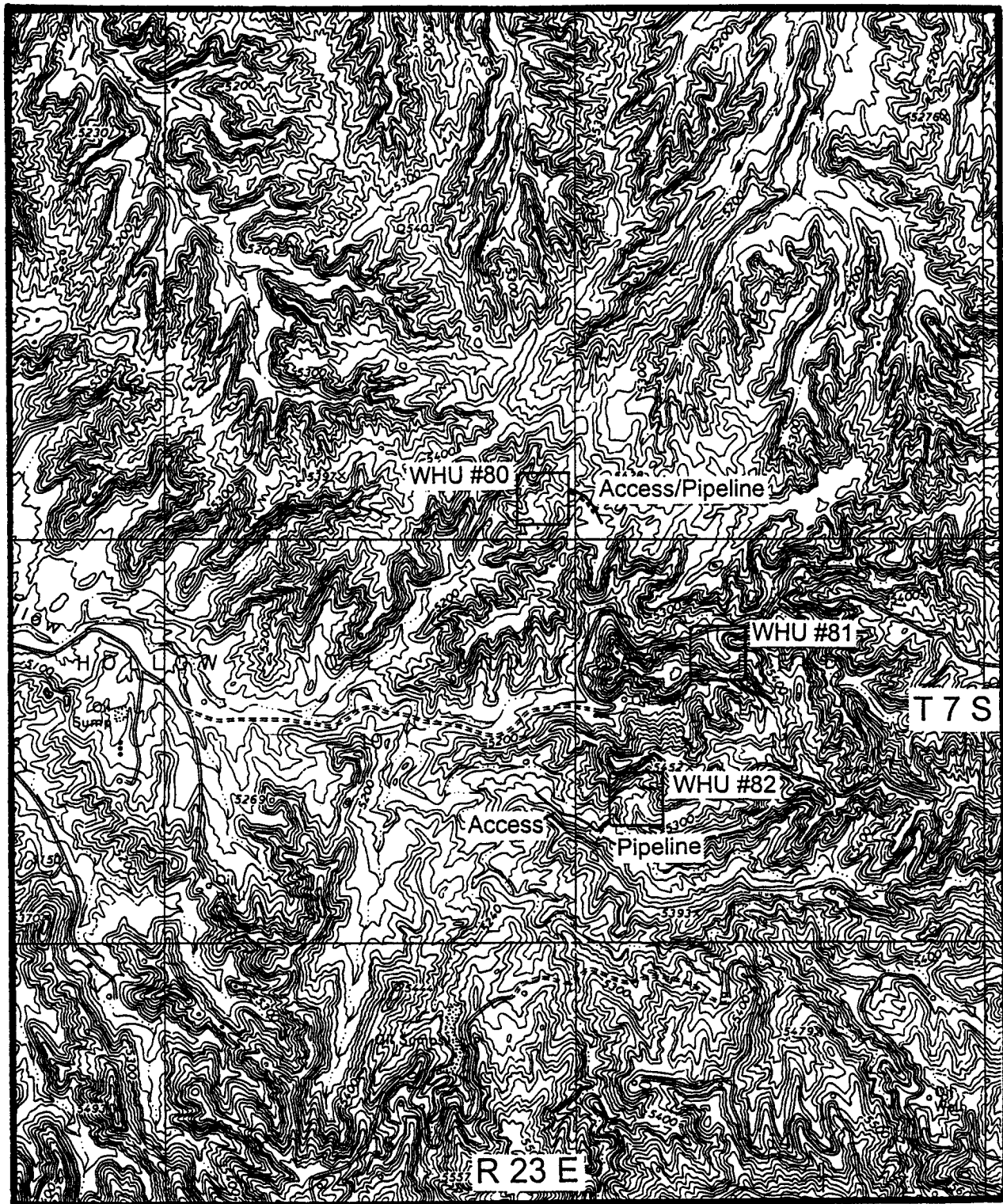
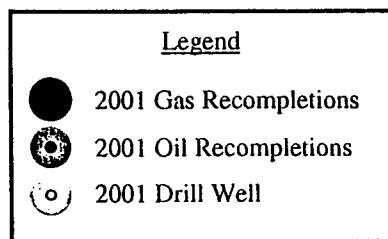
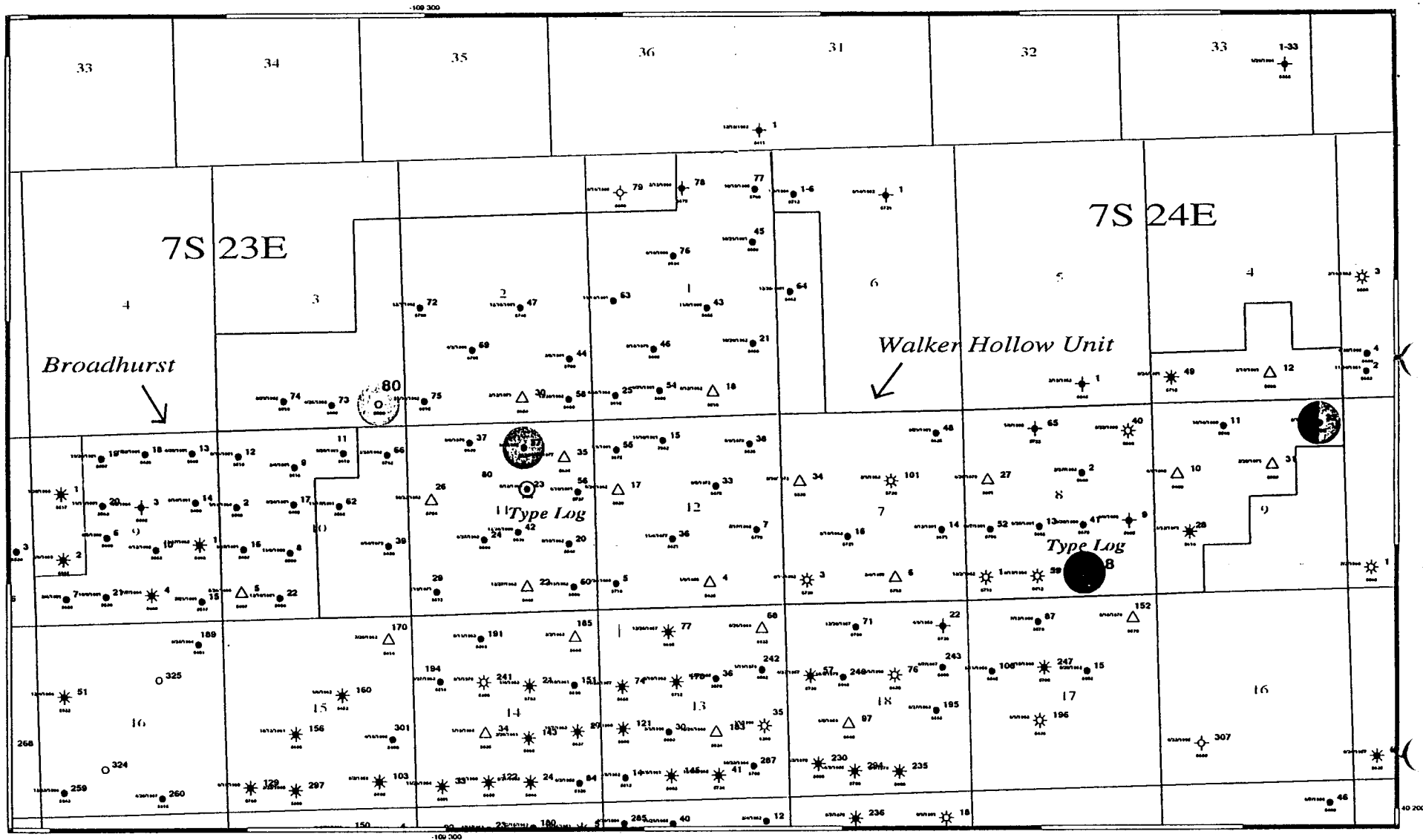


Figure 1. Citation Oil and Gas Corporation's Well Locations WHU #80, WHU #81, and WHU #82, in Walker Hollow, Uintah County, UT. USGS Red Wash, UT 7.5', 1968.



Scale 1:48000.



2001 Budget		
Citation Oil & Gas Corporation Walker Hollow Unit Uintah County, Utah		
PHM:C/JAB		11/00
2001bud.gpl		

001

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐  
(highlight changes)

**APPLICATION FOR PERMIT TO DRILL**

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO.: 066342 <i>UFS</i>	6. SURFACE: Federal
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: Citation Oil & Gas Corp.		8. UNIT or CA AGREEMENT NAME: Walker Hollow Unit	
3. ADDRESS OF OPERATOR: P O Box 690688 CITY Houston STATE TX ZIP 77269		9. WELL NAME and NUMBER: Walker Hollow Unit #80	10. FIELD AND POOL, OR WILDCAT: Walker Hollow Green River
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 460' FSL & 460' FEL AT PROPOSED PRODUCING ZONE: 460' FSL & 460' FEL		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 3 7S 23E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 27.5 miles from Vernal, Utah		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) +/- 950'	16. NUMBER OF ACRES IN LEASE: 3,227.20	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 acres	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) ±1560'	19. PROPOSED DEPTH: 5590'	20. BOND DESCRIPTION: Bond # MT 0430 St of UT 587800 for Walker Hollow	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5335' GL	22. APPROXIMATE DATE WORK WILL START: 2003	23. ESTIMATED DURATION: 14 DAYS	

24.

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4	8 5/8 J-55 24 ppf	400	Class G + additives 235 sxs
7 7/8	5 1/2 J-55 15.5 ppf	5,590	Class G + additives 425 sxs

**RECEIVED**

OCT 21 2002

DIVISION OF  
OIL, GAS AND MINING

25.

**ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER                            | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN                                   |
| <input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER<br>Will acquire prior to drilling | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) Sharon Ward

TITLE Regulatory Administrator

SIGNATURE

*Sharon Ward*

DATE

10-14-02

(This space for State use only)

API NUMBER ASSIGNED:

48-047-34752

**Federal Approval of this  
Action is Necessary**

APPROVAL:

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: 02-20-03

By: *[Signature]*

34

T6S

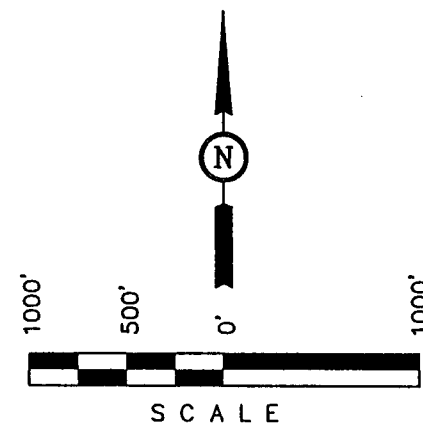
T7S

## CITATION OIL &amp; GAS CORP.

Well location, WHU #80, located as shown in the SE 1/4 SE 1/4 of Section 3, T7S, R23E, S.L.B.&M. Uintah County, Utah.

## BASIS OF ELEVATION

SPOT ELEVATION AT AN INTERSECTION LOCATED IN THE NE 1/4 OF SECTION 12, T7S, R23E, S.L.B.&M. TAKEN FROM THE RED WASH QUADRANGLE, UTAH, UTAH COUNTY 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5608 FEET.



LATITUDE = 40°13'57"

LONGITUDE = 109°18'17"

## CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

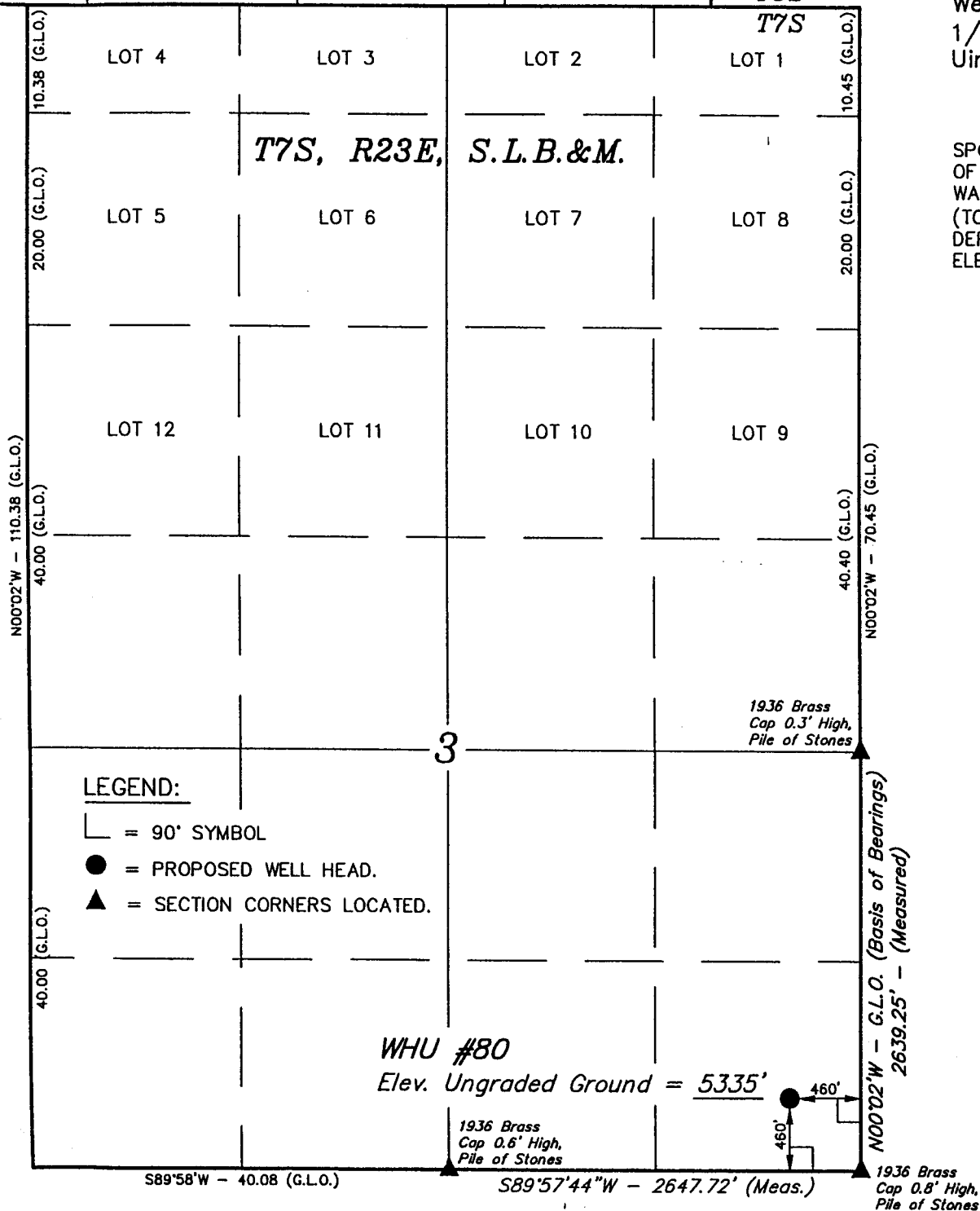
*Robert L. Cox*  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 161319  
STATE OF UTAH  
KAY

EXHIBIT B

Revised: 2-11-02 K.G.

**UINTAH ENGINEERING & LAND SURVEYING**  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 8-15-01	DATE DRAWN: 8-23-01
PARTY B.B. W.L. D.COX	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE CITATION OIL & GAS CORP.	



**WORKSHEET**  
**APPLICATION FOR PERMIT TO DRILL**

007

APD RECEIVED: 10/21/2002

API NO. ASSIGNED: 43-047-34757

WELL NAME: WALKER HOLLOW U 80

OPERATOR: CITATION OIL & GAS CORP ( N0265 )

CONTACT: SHARON WARD

PHONE NUMBER: 281-517-7800

PROPOSED LOCATION:

SESE 03 070S 230E

SURFACE: 0460 FSL 0460 FEL

BOTTOM: 0460 FSL 0460 FEL

UINTAH

WALKER HOLLOW ( 700 )

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTSL 066312

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: GRRV

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LATITUDE: 40.23256

LONGITUDE: 109.30469

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. MT0630 )

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit  
(No. 53617 )

☒ RDCC Review (Y/N)  
(Date: )

☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING:

\_\_\_ R649-2-3.

Unit WALKER HOLLOW (GR) ☒

☒ R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells

\_\_\_ R649-3-3. Exception

\_\_\_ Drilling Unit

Board Cause No: \_\_\_\_\_

Eff Date: \_\_\_\_\_

Siting: \_\_\_\_\_

\_\_\_ R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

STIPULATIONS: 1- Federal approval

2- Spacing Strip





005

STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING

# SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to re-enter plugged and abandoned wells.  
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well:		5. Lease Designation and Serial Number:
OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER:		UTSL-066312
2. Name of Operator		6. If Indian, Allottee or Tribe Name:
Citation Oil & Gas Corp.		
3. Address and Telephone Number:		7. Unit Agreement Name:
P O Box 690688, Houston, Texas 77269 (281) 517-7800		Walker Hollow Unit
4. Location of Well		8. Well Name and Number:
Footages: 460' FSL & 460' FEL		Walker Hollow Unit #80
QQ, Sec., T., R., M.: SE SE Sec. 3, T7S, R23E		9. API Well Number:
		10. Field and Pool, or Wildcat:
		Walker Hollow Green River
		County: Uintah
		State: Utah

## 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

NOTICE OF INTENT (Submit in Duplicate)	SUBSEQUENT REPORT (Submit Original Form Only)
<input type="checkbox"/> Abandonment <input type="checkbox"/> Casing Repair <input type="checkbox"/> Change of Plans <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Multiple Completion <input checked="" type="checkbox"/> Other <u>Change in the reserve pit size</u>	<input type="checkbox"/> Abandonment* <input type="checkbox"/> Casing Repair <input type="checkbox"/> Change of Plans <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Other _____
<input type="checkbox"/> New Construction <input type="checkbox"/> Pull or Alter Casing <input type="checkbox"/> Recompletion <input type="checkbox"/> Shoot or Acidize <input type="checkbox"/> Vent or Flare <input type="checkbox"/> Water Shut-Off	<input type="checkbox"/> New Construction <input type="checkbox"/> Pull or Alter Casing <input type="checkbox"/> Shoot or Acidize <input type="checkbox"/> Vent or Flare <input type="checkbox"/> Water Shut-Off
Approximate date work will start <u>Upon approval</u>	Date of work completion _____  Report results of <b>Multiple Completions and Recompletions</b> to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form  * Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)
- Attached are the new cross sections for the reserve pit for the Walker Hollow #80 well. Please add this cross section to the application you are processing for Citation.

RECEIVED  
FEB 13 2003  
DIV. OF OIL, GAS & MINING

13. Name & Signature: Sharon Ward Sharon Ward Title: Regulatory Administrator Date: 2/10/03

(This space for State use only)

# CITATION OIL & GAS CORP.

## TYPICAL CROSS SECTIONS FOR

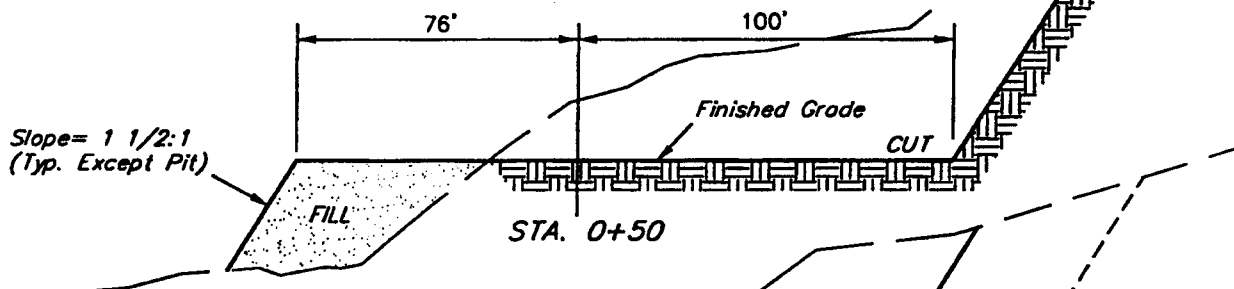
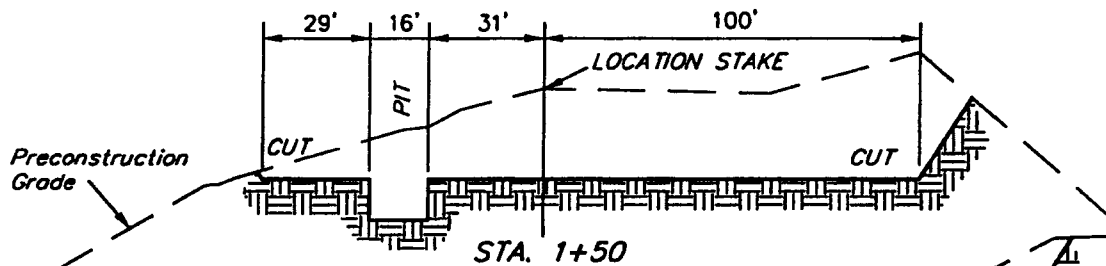
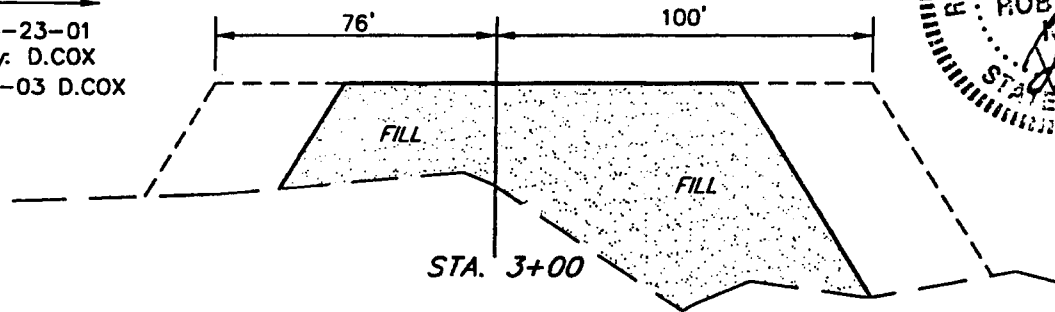
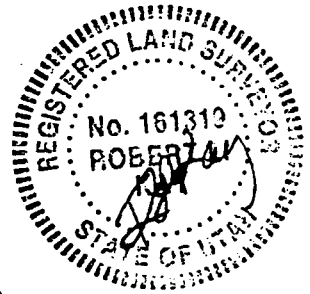
WHU #80

SECTION 3, T7S, R23E, S.L.B.&M.

460' FSL 460' FEL

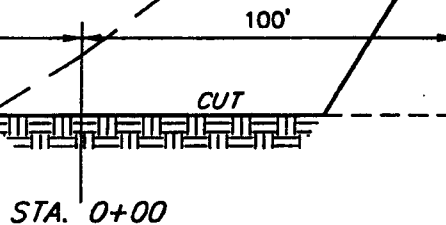
1" = 20'  
X-Section  
Scale  
1" = 50'

DATE: 8-23-01  
Drawn By: D.COX  
Rev: 02-07-03 D.COX



### NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.



**FIGURE #2**

### APPROXIMATE YARDAGES

#### CUT

(6") Topsoil Stripping = 980 Cu. Yds.

Remaining Location = 11,830 Cu. Yds.

**TOTAL CUT = 12,810 CU.YDS.**

**FILL = 11,100 CU.YDS.**

EXCESS MATERIAL AFTER 5% COMPACTION

= 1,130 Cu. Yds.

Topsoil & Pit Backfill (1/2 Pit Vol.)

= 1,130 Cu. Yds.

EXCESS MATERIAL After Reserve Pit is Backfilled & Topsoil is Re-distributed

= 0 Cu. Yds.

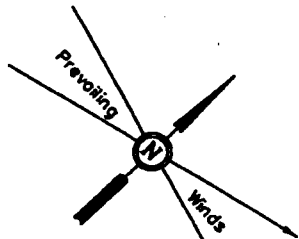
**UINTAH ENGINEERING & LAND SURVEYING**

85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

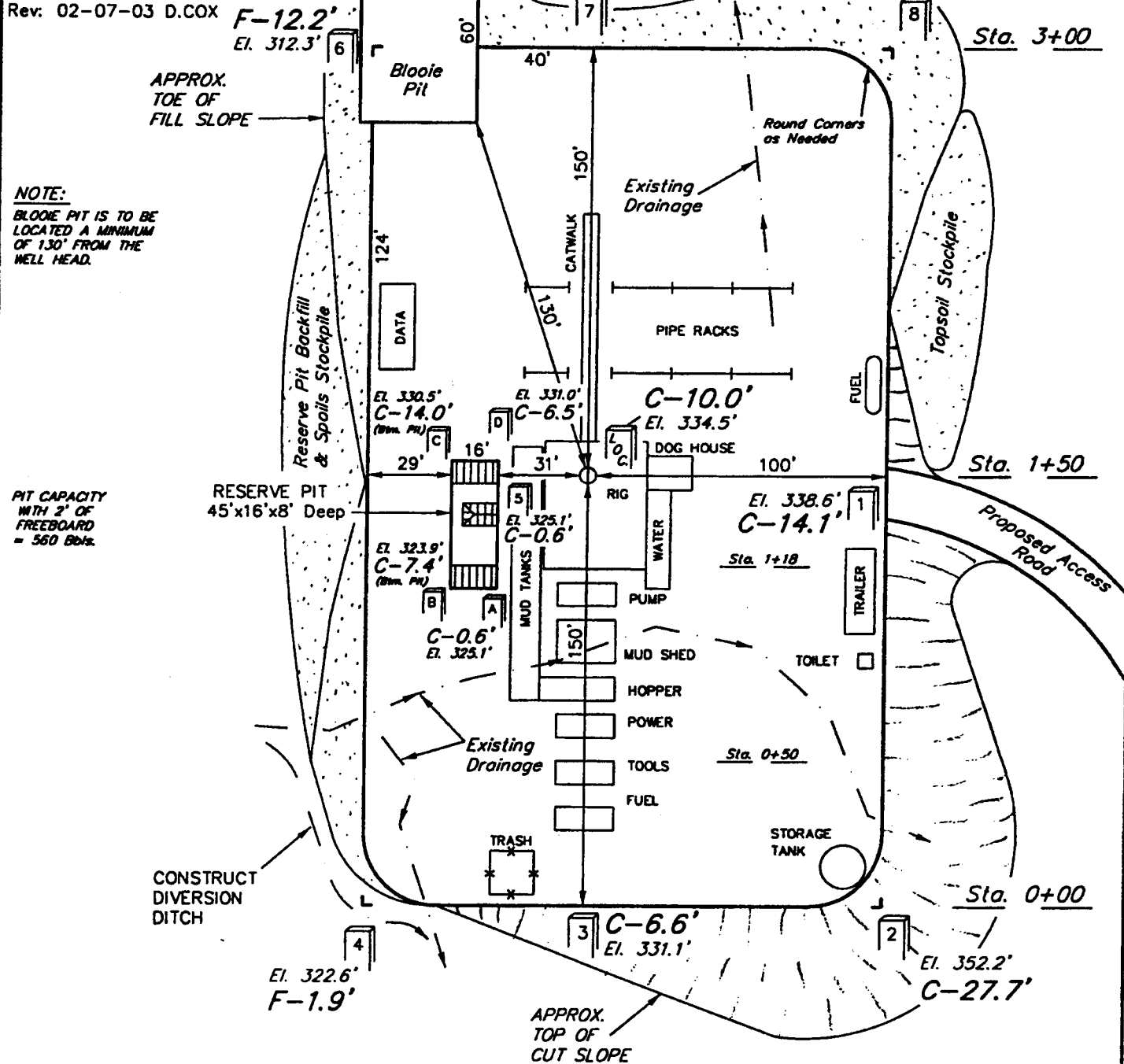
# CITATION OIL & GAS CORP.

## LOCATION LAYOUT FOR

WHU #80  
SECTION 3, T7S, R23E, S.L.B.&M.  
460' FSL 460' FEL



SCALE: 1" = 50'  
DATE: 8-23-01  
Drawn By: D.COX  
Rev: 02-11-02 K.G.  
Rev: 02-07-03 D.COX



**EXHIBIT E**

Elev. Ungraded Ground at Location Stake = 5334.5'  
Elev. Graded Ground at Location Stake = 5324.5'

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

RunDate/Time: 02/18/03 10:37 AM

Page 1 of 2

**01 02-25-1920;041STAT0437;30USC226**  
**Case Type 311111: O&G LSE NONCOMP PUB LAND**  
**Commodity 459: OIL & GAS L**  
**Case Disposition: AUTHORIZED**

**Total Acres**  
**2,382.120**

**Serial Number**  
**UTSL-- 0 066357**  
*066312*

**Serial Number: UTSL-- 0 066357**

Name & Address	Int Rel	% Interest
CITATION O&G CORP 8223 WILLOW PL # 250 HOUSTON TX 770705623	LESSEE	100.000000000

**Serial Number: UTSL-- 0 066357** *066312*

Mer Twp	Rng	Sec	STyp	SNr	Suff	Subdivision	District/Resource Area	County	Mgmt Agency
26	0070S	0230E	003	ALIQ		SW;	VERNAL FIELD OFFICE	UINTAH	BUREAU OF LAND MGMT
26	0070S	0230E	011	ALIQ		ALL;	VERNAL FIELD OFFICE	UINTAH	BUREAU OF LAND MGMT
26	0070S	0230E	012	ALIQ		ALL;	VERNAL FIELD OFFICE	UINTAH	BUREAU OF LAND MGMT
26	0070S	0240E	007	ALIQ		ALL;	VERNAL FIELD OFFICE	UINTAH	BUREAU OF LAND MGMT
26	0070S	0240E	008	ALIQ		N2;	VERNAL FIELD OFFICE	UINTAH	BUREAU OF LAND MGMT

**Relinquished/Withdrawn Lands**

**Serial Number: UTSL-- 0 066357** *066312*

26 0070S 0230E 704 ALIQ SE;	VERNAL FIELD OFFICE	UINTAH	BUREAU OF LAND MC
-----------------------------	---------------------	--------	-------------------

**Serial Number: UTSL-- 0 066357** *066312*

Act Date	Code	Action	Action Remarks	Pending Office
11/05/1946	124	APLN RECD	#0945;	
09/30/1949	237	LEASE ISSUED		
10/01/1949	530	RLTY RATE - 12 1/2%		
10/01/1949	868	EFFECTIVE DATE		
07/25/1952	140	ASGN FILED		
07/28/1952	139	ASGN APPROVED	EFF 08/01/52;	
02/11/1953	232	LEASE COMMITTED TO UNIT	UTU63016X;WALKER HW	
02/11/1953	235	EXTENDED		
03/01/1953	650	HELD BY PROD - ACTUAL		
03/01/1953	658	MEMO OF 1ST PROD-ACTUAL	#1;	
06/12/1953	102	NOTICE SENT-PROD STATUS		
06/30/1953	899	TRF OF ORR FILED	01	
06/30/1953	899	TRF OF ORR FILED	02	
06/30/1953	899	TRF OF ORR FILED	03	
03/12/1959	253	ELIM BY CONTRAC (PARTIAL)	UTU63016X;WALKER HW	
07/10/1986	899	TRF OF ORR FILED	01	
07/10/1986	899	TRF OF ORR FILED	02	
07/10/1986	899	TRF OF ORR FILED	03	
05/01/1990	226	ELIM BY CONTRACTION	UTU63016X;WALKER HOLL	
05/01/1990	232	LEASE COMMITTED TO UNIT	UTU66837A;WALKR HW GR	
05/01/1990	660	MEMO OF 1ST PROD-ALLOC	UTU66837A;	
05/01/1990	700	LEASE SEGREGATED	UTU67060;	
06/20/1990	600	RECORDS NOTED		
10/01/1992	621	RLTY RED-STRIPPER WELL	10.9%; /1/	
01/27/1993	625	RLTY REDUCTION APPV	UTU66837A; /1/	
12/01/1993	621	RLTY RED-STRIPPER WELL	8.5%; /2/	
02/01/1995	621	RLTY RED-STRIPPER WELL	9.3%; /3/	
03/21/1995	625	RLTY REDUCTION APPV	UTU66837A; /2/	
04/17/1995	140	ASGN FILED		
04/20/1995	139	ASGN APPROVED	EFF 05/01/95;	
08/03/1995	625	RLTY REDUCTION APPV	UTU66837A; /3/	
03/01/1997	621	RLTY RED-STRIPPER WELL	8.5%; /4/	
07/29/1997	625	RLTY REDUCTION APPV	UTU66837A; /4/	
04/01/1998	621	RLTY RED-STRIPPER WELL	7.7%; /5/	
03/31/1999	625	RLTY REDUCTION APPV	UTU66837A; /5/	

**NO WARRANTY IS MADE BY BLM  
FOR USE OF THE DATA FOR  
PURPOSES NOT INTENDED BY BLM**

DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page

RunDate/Time: 02/18/03 10:37 AM

Page 2 of 2

Line Nr Remarks

Serial Number: UTSL-- 0 066357 *066312*

0001	LANDS REMAINING W/IN WALKER HOLLOW UNIT
0002	T 7 S R 23 E SECS 11 & 12 ALL; T 7 S R 24 E
0003	SEC 7 ALL, SEC 8 N2 EXPANSION APPROVED 9/1/81
0004	ADDED T 7 S R 23 E SEC 3 SW
0005	WALKER HOLLOW (GREEN RIVER) SECONDARY RECOVERY
0006	UNIT



February 18, 2003

State of Utah  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

Attn: Diana Mason

RE: Water permits for  
Walker Hollow Unit #80 43-047-34757  
Walker Hollow Unit #81 43-047-34758  
Walker Hollow Unit #82 43-047-34759  
Uintah County, Utah

Dear Ms. Mason:

Dalbo Inc. is the trucking company that will supply water for the drilling of the Walker Hollow Unit #80, 81 and 82 wells. Dalbo's water permit number is 53617 and their phone number is 435-789-0743

If you require additional information, please contact the undersigned, at 281-517-7309. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Sharon Ward".

Sharon Ward  
Regulatory Administrator  
Citation Oil & Gas Corp.

RECEIVED

FEB 19 2003

DIV. OF OIL, GAS & MINING



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340 telephone  
(801) 359-3940 fax  
(801) 538-7223 TTY  
www.nr.utah.gov

Michael O. Leavitt  
Governor

Robert L. Morgan  
Executive Director

Lowell P. Braxton  
Division Director

February 20, 2003

Citation Oil & Gas Corporation  
P O Box 690688  
Houston, TX 77269


Re: Walker Hollow Unit 80 Well, 460' FSL, 460' FEL, SE SE, Sec. 3, T. 7 South, R. 23 East,  
Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-34757.

Sincerely,



John R. Baza  
Associate Director

pb

Enclosures

cc: Uintah County Assessor  
Bureau of Land Management, Vernal District Office

**Operator:** Citation Oil & Gas Corporation  
**Well Name & Number** Walker Hollow Unit 80  
**API Number:** 43-047-34757  
**Lease:** UTSL 066312

**Location:** SE SE      **Sec.** 3      **T.** 7 South      **R.** 23 East

### **Conditions of Approval**

**1. General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

**2. Notification Requirements**

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

**3. Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

**4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.**

**5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.**



009

RECEIVED

OCT 23 2002

BLM VERNAL, UTAH

Form 3160-3  
(August 1999)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.

Ut5L-066312

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

Walker Hollow Unit

8. Lease Name and Well No.

Walker Hollow Unit #80

9. API Well No.

10. Field and Pool, or Exploratory

Walker Hollow Green River

11. Sec., T., R., M., or Blk. and Survey or Area

Section 3, T7N, R23E

12. County or Parish  
Uintah13. State  
UT1a. Type of Work: ☒ DRILL☐ REENTER1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Citation Oil &amp; Gas Corp.

3a. Address P O Box 690688  
Houston, Texas 772693b. Phone No. (include area code)  
281-512-7309

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface 460' FSL &amp; 460' FEL

At proposed prod. zone 460' FSL &amp; 460' FEL

14. Distance in miles and direction from nearest town or post office\*

27.5 miles from Vernal Utah

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.

(Also to nearest drig. unit line, if any) ±950'

16. No. of Acres in lease

3,227.20

17. Spacing Unit dedicated to this well

40 acres

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft.

±1560'

19. Proposed Depth

±5590'

20. BLM/BIA Bond No. on file

57-91-01 m+0630

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

5335' GL

22. Approximate date work will start\*

2003

23. Estimated duration

14 days

## 24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the  
SUPO shall be filed with the appropriate Forest Service Office).4. Bond to cover the operations unless covered by an existing bond on file (see  
Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the  
authorized officer.

25. Signature

Sharon Ward

Name (Printed/Typed)

Sharon Ward

Date

10-14-02

Title

Regulatory Administrator

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Assistant Field Manager  
Mineral Resources

Office

03/04/2003

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct  
operations thereon.

Conditions of approval, if any, are attached.

NOTICE OF APPROVAL

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United  
States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on reverse)

RECEIVED

MAR 11 2003

CONDITIONS OF APPROVAL ATTACHED

DIV. OF OIL, GAS &amp; MINING

**CONDITIONS OF APPROVAL**  
**APPLICATION FOR PERMIT TO DRILL**

Company/Operator: Citation Oil & Gas Corporation  
Well Name & Number: Walker Hollow Unit #80  
API Number: 43-047-34757  
Lease Number: UTSL – 066312  
Location: SESE Sec. 03 TWN: 07S RNG: 23E  
Agreement: WALKER HOLLOW UNIT

**NOTIFICATION REQUIREMENTS**

- |                                 |   |  |
|---------------------------------|---|--|
| Location Construction           | - | at least forty-eight (48) hours prior to construction of location and access roads.  |
| Location Completion             | - | prior to moving on the drilling rig.   |
| Spud Notice                     | - | at least twenty-four (24) hours prior to spudding the well.  |
| Casing String and Cementing     | - | at least twenty-four (24) hours prior to running casing and cementing all casing strings.  |
| BOP and Related Equipment Tests | - | at least twenty-four (24) hours prior to initiating pressure tests.  |
| First Production                | - | within five (5) business days after new well begins, or Notice production resumes after well has been off production for more than ninety (90) days. |

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

## CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease, which would entitle the applicant to conduct operations thereon.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

### A. DRILLING PROGRAM

#### 1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to this office prior to setting the next casing or requesting plugging orders. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

#### 2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **3M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

#### 3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Green River Formation, identified at  $\pm 3,181$  ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

**Submit an electronic copy of all logs run on this well in LAS format. This submission will replace the requirement for submittal of paper logs to the BLM.**

A cement bond log (CBL) will be run from the production casing shoe to the top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations. Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5(d) shall be submitted to the appropriate Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (1).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted on initial meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman (435) 828-7874  
Petroleum Engineer

Kirk Fleetwood (435) 828-7875  
Petroleum Engineer

BLM FAX Machine (435) 781-4410

## EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spend solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

**SURFACE USE PROGRAM**  
**Conditions of Approval (COA)**  
**Citation Oil & Gas Corporation - Well No. Walker Hollow #80**

**Construction:**

No surface soils will be used for construction of the location.

At those locations where the access roads cross ephemeral drainages the operator shall install culverts that are 18 to 24" in diameter.

Along the access road where water is diverted install energy dissipating devices/structures that would reduce the velocity and energy of the water.

To stabilize the road base the operator shall apply gravel to reduce rutting and subsequent erosion. If at the time of well abandonment the authorized officer determines that reclamation would be improved by removal of this gravel, the operator may be required to do so.

When constructing the well pad the operator shall slightly slope the pad so that water will naturally drain to one corner of the pad. At this site the operator shall also install rip-rap material to reduce water velocity and energy where the pad is drained.

**Methods of Handling Waste Disposal:** A 12 mill reserve pit liner will be used in the reserve pit it will first be bedded with sufficient bedding to cover any rocks to prevent breakage of the liner. If straw is used the straw will be certified as weed free and have the appropriate weed free labels.

**Proposed Well Facilities:** All permanent facilities will be painted a none reflective earth tone Carlsbad Canyon (2.5 YR 6/2) within 6 months of installation. Facilities required to comply with the Occupational Safety and Health Act will be excluded.

**Plans For Reclamation Of Location:** All seeding for reclamation operations at this location shall use the following seed mixture:

Mat saltbush	Atriplex corrugata	4 lbs/acre
Gardners saltbush	Atriplex gardneri	4 lbs/acre
galleta grass	Hilaria jamesii	4 lbs/acre

If the seed mixture is to be aerially broadcasted, the pounds per acre shall be doubled. All seed poundages are in Pure Live Seed.

Immediately after construction the stockpiled topsoil will be seeded and the seed worked into the soil by "walking" the pile with caterpillar tracks.

**Other Information:** The operator shall prevent or manage invasive plant species by physically or chemically removing invasive exotic vegetation. If herbicide use is required the operator shall contact the authorized office for a pesticide use permit.



**DIVISION OF OIL, GAS AND MINING****SPUDDING INFORMATION**Name of Company: CITATION OIL & GAS CORPWell Name: WALKER HOLLOW U 80Api No: 43-047-34757 Lease Type: FEDERALSection 03 Township 07S Range 23E County UINTAHDrilling Contractor BILL JR RIG# RATHOLE**SPUDDED:**Date 03/25/03Time 7:30 AMHow DRY**Drilling will commence:** \_\_\_\_\_Reported by JOHN LONGTelephone # 1-307-689-3406Date 03/26/2003 Signed: CHD

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

### ENTITY ACTION FORM

Operator: Citation Oil & Gas Corp. Operator Account Number: N 0265  
 Address: P.O. Box 690688  
city Houston  
state Texas zip 77269-0688 Phone Number: (281) 517-7194

**Well 1**

API Number	Well Name	QQ	Sec	Twp	Rng	County
43-047-34757	Walker Hollow Unit #80	SESE	03	7N	23E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
B	99999	2760	03/25/2003	4/30/03		
<b>Comments:</b> New well being drilled in Walker Hollow Unit - Lease No. UTSL-066312						

**Well 2**

API Number	Well Name	QQ	Sec	Twp	Rng	County
43-047-34759	Walker Hollow Unit #82	NWSW	11	7S	23E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
B	99999	2760	03/26/2003	4/30/03		
<b>Comments:</b> New well being drilled in Walker Hollow Unit - Lease No. UTSL-066357						

**Well 3**

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
<b>Comments:</b>						

**ACTION CODES:**

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Debra Harris (281) 517-7194  
 Name (Please Print)  
*Debra Harris*  
 Signature  
 Prod/Reg Coordinator 4/9/2003  
 Title Date

RECEIVED

APR 14 2003

WELL SEARCH

WELL DATA

WELL HISTORY

WELL ACTIVITY

LOOK UP: OPERATOR NAME / ACCOUNT

SEARCH KEYS (Enter desired keys and press 'Enter' or click on 'Search')

LOOK UP: FIELD NAME / NUMBER

API NUMBER	<input type="text"/>	WELL NAME	<input type="text"/>
OPERATOR ACCOUNT	<input type="text"/>	WELL STATUS/TYPE	<input type="text"/>
FIELD NUMBER	<input type="text"/>	ENTITY NUMBER	2760
SECTION / TOWNSHIP / RANGE / MERIDIAN		<input type="text"/>	

4304730030 : WALKER HOLLOW U MCLISH 4

4/11



SEARCH

CLEAR KEYS

PRINT ALL

EXPORT

GET ALL WELLS

API	WELL NAME	ACCOUNT	ALT-ADD	STATUS	WELL TYPE	FIELD	QTR/QTR	SEC	TWP	RNG	MERIDIAN	COUNTY
4304730030	WALKER HOLLOW U MCLISH	N2115	#	TA	OW	700 NESW	08	070S	230E	S		UINTAH
4304730037	PAN AMERICAN FED 1	N0590	#	PA	OW	700 SWNW	09	070S	230E	S		UINTAH
4304730038	PAN AMERICAN FED 2	N2115	#	PA	OW	700 NWSW	09	070S	230E	S		UINTAH
4304731034	WALKER HOLLOW UNIT 6	N2115	#	S	OW	700 SESE	08	070S	230E	S		UINTAH
4304731092	WALKER HOLLOW UNIT J-8	N2115	#	TA	GW	700 NWSE	08	070S	230E	S		UINTAH
4304734757	WALKER HOLLOW U 80	N0265	#	P	OW	700 SESE	03	070S	230E	S		UINTAH
4304734758	WALKER HOLLOW U 81	N0265	#	P	OW	700 SENW	11	070S	230E	S		UINTAH
4304734759	WALKER HOLLOW U 82	N0265	#	P	OW	700 NWSW	11	070S	230E	S		UINTAH

Wrong entity

013

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MININGAMENDED REPORT ☐ FORM 8  
(highlight changes)5. LEASE DESIGNATION AND SERIAL NUMBER:  
UTSL-066312

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

## WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ DRY ☐ OTHER

7. UNIT OR CA AGREEMENT NAME

UTU66837A Walker Hollow Unit

8. WELL NAME AND NUMBER:

Walker Hollow Unit #80

9. API NUMBER:

4304473475 43-042-34757

b. TYPE OF WORK: NEW WELL ☒ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER

2. NAME OF OPERATOR:

Citation Oil &amp; Gas Corp.

3. ADDRESS OF OPERATOR:

P.O. Box 690688 CITY Houston STATE TX ZIP 772690688 PHONE NUMBER: (281) 517-7194

10 FIELD AND POOL, OR WILDCAT

Walker Hollow (Green River)

4. LOCATION OF WELL (FOOTAGES)

AT SURFACE: 460' FSL &amp; 460' FEL

AT TOP PRODUCING INTERVAL REPORTED BELOW: Same

AT TOTAL DEPTH: Same

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

SESE 3 7S 23E

12. COUNTY

Uintah

13. STATE

UTAH

14. DATE SPUDDED:

3/25/2003

15. DATE T.D. REACHED:

4/6/2003

16. DATE COMPLETED:

5/2/2003

ABANDONED ☐READY TO PRODUCE ☒

17. ELEVATIONS (DF, RKB, RT, GL):

5335' GR

18. TOTAL DEPTH: MD 5,548

TVD 5,548

19. PLUG BACK T.D.: MD 5,547

TVD 5,547

20. IF MULTIPLE COMPLETIONS, HOW MANY? \*

21. DEPTH BRIDGE MD

PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)

Platform Express/CNL/Triple Litho Density CBL/GR Ac 6-16-03  
5-17-03

23.

WAS WELL CORED?

NO ☒YES ☐

(Submit analysis)

WAS DST RUN?

NO ☐YES ☐

(Submit report)

DIRECTIONAL SURVEY?

NO ☒YES ☐

(Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12-1/4"	8-5/8 J55	23	0	435		A 225	266	Surface	None
7-7/8"	5-1/2 J55	15.5	0	5,548	3,003	G/Lite 855	1,655	Surface	None

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-7/8"	5,425							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A) Green River	5,423	5,545	5,423	5,545	5,423 5,545	4"		Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(B)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
5529' - 5545'	1600 gals 7.5% HCl; dropped 3 BS/bbl; flushed with 32.5 bbls lease water
5498' - 5520'	40,535# 20/40 sand in 371 bbls 30# x-l gel
5423' - 5456'	40,100# 20/40 sand in 369 bbls 30# x-l gel

29. ENCLOSED ATTACHMENTS:

☒ ELECTRICAL/MECHANICAL LOGS☐ GEOLOGIC REPORT☐ DST REPORT☐ DIRECTIONAL SURVEY☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION☐ CORE ANALYSIS☐ OTHER: \_\_\_\_\_

30. WELL STATUS:

Producing

RECEIVED

MAY 12 2003

## 31. INITIAL PRODUCTION

## INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: 5/3/2003	TEST DATE: 5/4/2003	HOURS TESTED: 24	TEST PRODUCTION RATES: <input type="checkbox"/>	OIL - BBL: 111	GAS - MCF: 20	WATER - BBL: 140	PROD. METHOD: Pump
CHOKE SIZE: —	TBG. PRESS. 200	CSG. PRESS.	API GRAVITY 26.50	BTU - GAS	GAS/OIL RATIO 180	24 HR PRODUCTION RATES: <input type="checkbox"/>	INTERVAL STATUS:

## INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: <input type="checkbox"/>	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: <input type="checkbox"/>	INTERVAL STATUS:

## INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: <input type="checkbox"/>	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: <input type="checkbox"/>	INTERVAL STATUS:

## INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: <input type="checkbox"/>	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: <input type="checkbox"/>	INTERVAL STATUS:

## 32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

Sold

## 33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof; Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

## 34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Green River	2,972	5,545	Oil/Gas/Water	Green River	2,972

## 35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Debra Harris

TITLE Production/Regulatory Coordinator

SIGNATURE

DATE 5/8/2003

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

\* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

\*\* ITEM 24: Cement Top - Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**

**Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.**

**014**

**SUBMITTANT TRIPlicate - Other Instructions on Reverse Side**

1. Type of Well  
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator  
**CITATION OIL & GAS CORP.**

3a. Address  
**P.O. Box 690688, Houston, Texas 77269-0688**

3b. Phone No. (include area code)  
**(281) 517-7800**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**460' FSL & 460' FEL SE SE Sec. 3-T7S, R23E**

5. Lease Serial No.  
**T LS 066312**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
**Walker Hollow Unit**

8. Well Name and No.  
**Walker Hollow Unit #80**

9. API Well No.  
**43-047-34757**

10. Field and Pool, or Exploratory Area  
**Walker Hollow Green River**

11. County or Parish, State  
**Uintah County UT**

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION				
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off	
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity	
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>Back fill drilling &amp; blewie pit</b>	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon		
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal		

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

**On July 9, 2003 Citation Oil & Gas Corp. back filled the drilling and small blewie pit for the Walker Hollow Unit #80 well.**

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
**FOR RECORD ONLY**

**RECEIVED**  
**JUL 14 2003**

**DIV. OF OIL, GAS & MINING**

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

**Sharon Ward**

Signature

*Sharon Ward*

Title

**Regulatory Administrator**

Date

**7/10/03**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.